APR 28 1942

DUN'S REVIEW

Published by
DUN & BRADSTREET, INC.
ESTABLISHED 1841

BUS. ADM LIBRARY

LXIII of a series of Century old cities - Salt Lake City

Thirty five cents

April 1942

LOOKING UP SOUTH MAIN STREET—PHOTOGRAPH FROM CHARLES PHELPS CUSHING

This Month's Cover

SALT LAKE CITY, UTAH

First a scouting party came upon it, a valley where lay a huge salt lake. Then, July 24, 1847, their leader came and pronounced this the promised land he had seen in a vision. A river that ran into the lake they named the Jordan. They chose a site for their temple, flooded the hard, sun-baked earth for irrigation. From their City of the Great Salt Lake they sent missionaries East to tell their friends that the Church of Jesus Christ of Latter-Day Saints was safe from persecution, in a part of Mexico. . . . But the Mexican War made the land American, and the California gold rush brought overland traffic. There was a prolonged conflict between the authority of the Church and the Federal Government. Finally, in 1896, after the trouble was settled, Utah became a State, Salt Lake City its capital. . . . The print reproduced for the cover of "Dun's Review" shows the city in 1853. It is from the Phelps Stokes Collection and appears through courtesy of the New York Public Library. . . . Salt Lake City has a population of 149,934 (1940 Census). About equally distant from Denver, San Francisco, and Spokane, it is the largest city between the Rockies and the Coast. It has 223 manufacturing establishments, mining and smelting, meat packing, oil refining, beet sugar, and furniture being major industries. In 444 wholesale establishments the Census reported total sales of $129,699,000; while for 1,712 retail stores, sales were $75,831,000. Salt Lake City is the seat of the Mormon faith, now among the fifteen largest religious bodies in America.

PHOTO FROM FREDERIC LEWIS

DUN'S REVIEW

April, 1942

Salt Lake City, Utah - - - - - - Cover

Ship Artist (Frontispiece) - - - - - - 6

The Outlook for Private Enterprise in America - - - - - - - - 7

WHAT FACTORS FAVOR THE NEW GROWTH OF PRIVATE ENTERPRISE AS AN ECONOMIC FORCE?

SUMNER H. SLICHTER
Lamont University Professor
Harvard University

Wartime Shortages—Their Effect on Civilian Industries - - - - - - - 13

REPORTING ON A SURVEY MADE BY THE RESEARCH AND STATISTICAL DIVISION, DUN & BRADSTREET, INC.

RUTH L. LEGER
Associate Editor, DUN'S REVIEW

Financial Institutions, 1776—1841 - - - - - 18

DEVELOPMENT OF BANKS AND BANKING; RISE OF MANUFACTURER AND MERCHANT

ROY A. FOULKE
Manager, Specialized Report Department,
DUN & BRADSTREET, INC.

The Trend of Business - - - - - - - 23

Regional Trade Barometers - - 26, 27, 28, 29

CHARTS OF CONSUMER BUYING IN 29 REGIONS; BANK DEBITS, 100 CITIES; LOCAL COMMENTS

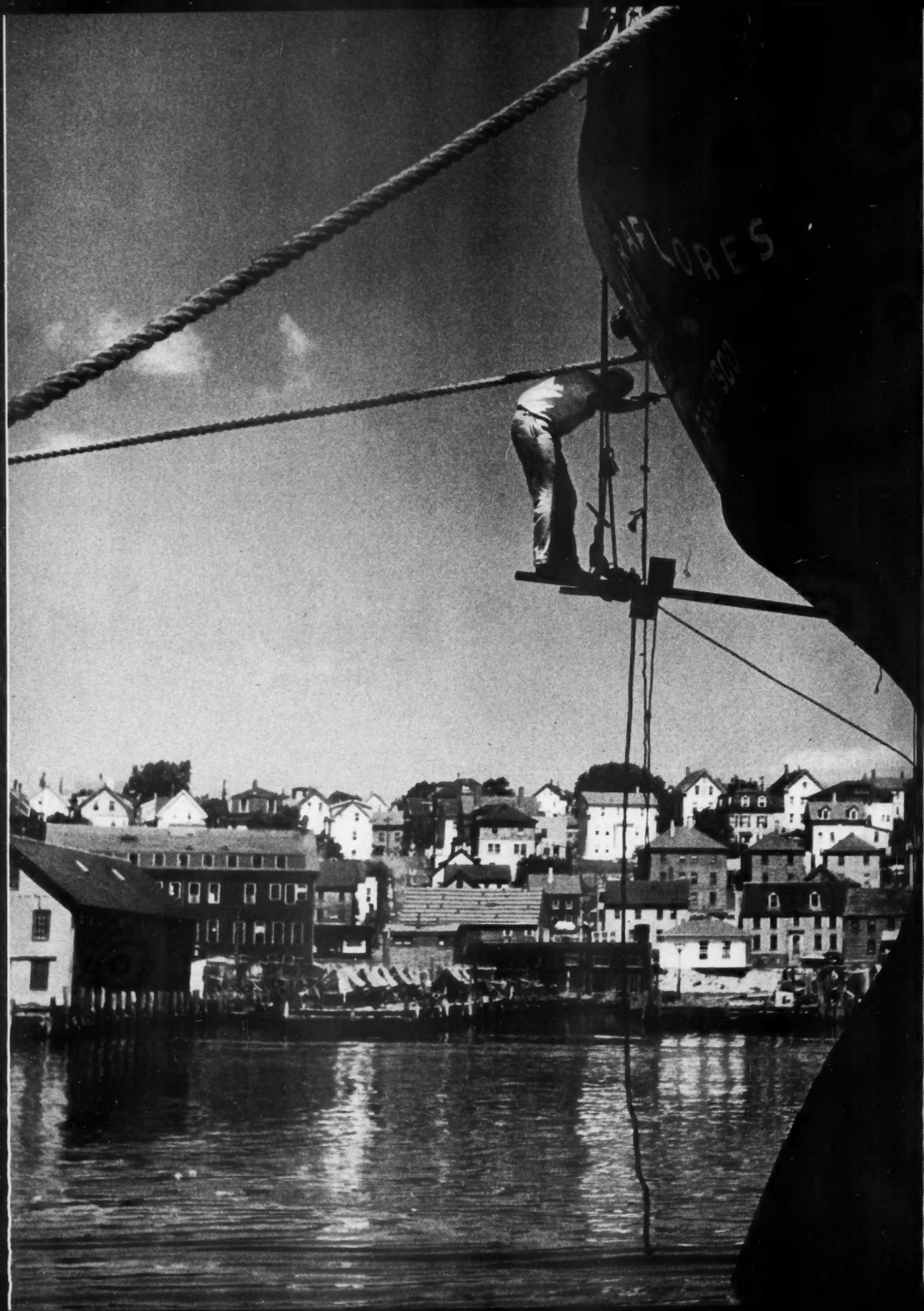
Significant Business Indicators - - - - - 29

February Failures Rise - - - - - - - 30

Combinations in Support of Trade - - - 42

WILLARD L. THORP
Editor of DUN'S REVIEW

Published monthly by DUN & BRADSTREET, INC., 290 Broadway, New York, N. Y. . . . Vol. 50, No. 2168. . . $4 a year. . . .
Member C.C.A. . . . Copyright 1942 DUN & BRADSTREET, INC. . . . Printed in U.S.A. . . . Frontispiece by Mac C. Gramlich.


FLORES

PHOENIX, ARIZ. BANK—PHOTO FROM EWING GALLOWAY

WHAT IS *the* OUTLOOK *for* PRIVATE ENTERPRISE *in* AMERICA?

SUMNER H. SLICHTER
Lamont University Professor
Harvard University

What factors, what opportunities what business management policies favor the new growth and endurance of private enterprise after this total warfare is ended, asks this economist, author of management-labor-defense studies? This is one of a series of articles on subjects of importance to business, presenting opinions of men whose diverse backgrounds have resulted in decided and perhaps conflicting points of view, often the sources of enlightening controversy.

A RECENT public opinion poll reports that 70 per cent of the people believe that after the war we shall have to work harder; 60 per cent that pay will be lower; 43 per cent that prices will be higher; and 61 per cent that there will be a great deal of unemployment. I am not going to take time to put these figures together and ask what they add up to, but I call attention to the fact that it does not make sense to expect lower pay, more unemployment, and higher prices. Lower prices, lower wages, and unemployment might be found together, but, barring very extraordinary conditions, not higher prices, lower wages, and unemployment.

This poll is significant because it illustrates the indiscriminate pessimism which has been rampant in this country during recent years and which I suspect most people rather enjoy. Indeed, there seems to be a competition in pessimism about the country's economic future, with one person trying to make a blacker forecast than the other.

Let me remind you that the man-hour productivity of American industry has been growing rapidly in the last twenty years, and in 1940 was nearly double in non-agricultural industries the man-hour output of 1920. Consequently, any conclusion that the standard of living of this country will be lower after the war than before must assume either a great destruction of capital by the war within the United States or political incapacity on the part of our people to provide conditions favorable to the full use of our resources.

In striking contrast to American pessimism is the sober optimism of the British. The most objective and impressive measure of British optimism is the level of stock prices. This has risen on the London Exchange over 20 per cent during the last year, while it has fallen about 15 per cent in New York.

This contrast is not entirely explained by British liquidation of American holdings. A short time ago I was talking with some Englishmen who had recently come over for a short business trip. I found them eager to get back to England because they found the atmosphere in America too depressing.

The answer to the question "What Is the Outlook for Private Enterprise in America?" depends, I think, in the main, upon the success of private enterprise in giving employment. If industry does a good job of providing work and economic opportunity, the government, on the whole, will leave well enough alone and will confine itself to dealing with special situations. On the other hand, if private enterprise does a poor job of giving employment, the government will attempt to do something about it. The result will be that the decision of many industrial policies will be transferred from business men and trade unions to the government.

Who Will Make the Policies?

That, I take it, is really what we are thinking about when we ask about the future of private enterprise. It is not that the government is going to take over the hundreds of thousands of concerns upon which we depend for our standard of living. Rather, it is that the crucial decisions of policy will be made, not by business men and leaders of labor organizations, but by government commissioners, legislatures, and other public agencies. So, if business men wish to retain the policy-making functions, all they have to do is to do a good job of furnishing employment and economic opportunity.

What I propose to discuss, therefore, is whether private enterprise can furnish a job to virtually everyone who wishes to work and who is fit to work.

It has been argued before the Temporary National Economic Committee and elsewhere that private enterprise cannot give sufficient employment because investment opportunities have been permanently curtailed by the settling of the country and by the drop in the rate of population growth. If investment opportunities are not sufficient to absorb the saving of the country, savings pile up as idle deposits. Idle deposits, of course, are not demand for either goods or labor. Hence idle deposits mean idle men.

Undoubtedly the job of maintaining a high level of employment would be considerably easier if the country had more and richer natural resources to develop. Another Mississippi Valley would add greatly to investment opportunities and to the demand for labor—it would be foolish to deny that. It is at least possible that the United States will have the vision to provide itself with the equivalent of several Mississippi Valleys by taking the lead in encouraging the large international movements of goods and capital after the war. Should this happen on a substantial scale, no one would need to worry about investment opportunities for a generation or more.

But even if the United States should

NEW HOUSING—PHOTO FROM EWI

"A house can be sold for $3,500 or $4,000 on annual payments and carrying charges which are no more that those on an automobile costing $700. If modern technology can solve the problem of cheap and attractive housing, the problem of employment will be pretty largely solved in America for at least a generation."

fail after the war to provide conditions favorable to large international movements of goods, the country need not lack a sufficiency of investment opportunities. These depend not only upon natural resources but in large measure upon the rate of technological discovery and upon the relationship between costs and prices. The argument that the development of the country prevents a sufficiency of investment opportunities loses much of its force when one notes that older and more developed countries experienced a milder depression and a more complete recovery than did the United States.

In 1936, before rearmament had spread outside of Germany, twenty out of twenty-three countries for which the League of Nations compiled production data had a larger industrial production than in 1929. The United Kingdom is not exactly a new country, but in 1936 its industrial production was 15.8 per cent above 1929. Greece, another country that is far from new, had an industrial production 39.2 per cent above 1929. In Sweden industrial production was 35 per cent above 1929; in Hungary, 18.4 per cent above; in Finland, 39 per cent above; in Denmark, 30 per cent above. Only three countries out of twenty-three had failed by 1936 to surpass their industrial production of 1929. The United States was one of these three—in twenty-first place among the twenty-three countries, with industrial production about 7 per cent below 1929.

Population Changes

The increase in population between 1930 and 1940 was little more than half the increase between 1920 and 1930, and the drop may be expected to continue. By 1970 or 1980 the growth of population in the United States may cease. It is argued that the drop in the population growth will produce an insufficiency of investment opportunities. This is an argument that is often misunderstood. Mere growth in numbers of people does not increase demand for goods. Otherwise Puerto Rico would be one of the most prosperous of our possessions instead of suffering dire poverty aggravated by rapid growth of population.

The proposition that the drop in population growth will produce unemployment has two parts. One part is that smaller families will increase the volume of saving and thus increase the supply of investment-seeking funds. The other part is that smaller growth of population will diminish the returns on capital by limiting the amount of capital that can be used to provide additional workers with jobs. This would compel a larger proportion of savings to be used to increase the amount of capital per worker.

Savings Increase Dubious

Whether a smaller growth of population will increase the volume of savings is uncertain. When the number of children is small, larger savings are possible, but most of the money which might be saved may go to give the children a better education. Furthermore, a slower increase of population means that a larger proportion of the population will have ceased to work and will be in the age brackets when savings are consumed rather than accumulated. In 1940, 6.4 per cent of the population of the country was 65 years of age or more; by 1980 this is expected to be 16.4 per cent. If life expectancy at age 65 increases, this proportion will be still higher. Furthermore, there has been a steady tendency for men to retire at an earlier age and thus live for more years from the income or principal of past savings. All in all, it does not look as if the decline in the rate of population growth were likely to increase the proportion of savings to total income.[1]

More important is the possibility that the drop in the rate of population growth will restrict investment oppor-

[1] Despite the drop in the rate of population growth, there has been little change in the number of persons in the population per gainfully employed worker. In 1900, the number of persons per gainfully employed worker was 2.61; in 1919, 2.41; in 1920, 2.54; in 1930, 2.51; and in 1940, 2.50. The so-called gainfully employed include the unemployed—that is, those seeking jobs—as well as those holding jobs.

"When the resistance of the enemy is broken (even before the formal terms of peace are reached), the patriotic urge to buy defense bonds will weaken. People will be eager to convert part of their income into automobiles, radios, and many things"

PHOTO FROM EWING GALLOWAY

tunities by limiting the amount of capital which can be used to provide additional workers with jobs. Suppose that $3,000 is required on the average to give the worker the tools and equipment which he needs in modern industry. If the working force is growing by 700,000 per year (as it did during the Twenties), about $2.1 billions of savings would be required to provide the increased number of workers with plant and equipment.

If the addition to the working force were to drop to 300,000 a year, as it may within a decade, the amount required to provide them with plant and equipment would be only $900 millions. This means that $1.2 billions of savings would have to find an outlet by increasing the amount of capital per worker or by increasing the amount of housing and other durable goods per person. To that extent a drop in the rate of population growth would limit the outlets for investment funds.

Capital per Worker

Technological research has been increasing the amount of capital which each worker can advantageously use. In 1929 the amount of capital per worker (in dollars of constant purchasing power) in the United States was almost three times as large as in 1879. Technological change is virtually certain to continue to increase the amount of capital which each worker can advantageously manage, because inventions consist very largely of making machines more automatic and attaching more automatic devices to them. The accumulation of capital is already so large that a very small increase in capital per worker would absorb a large amount of savings.

The National Resources Committee recently estimated that plant and equipment of American industry (exclusive of land values and government property) was about $120 billions. An increase of a little more than 1 per cent in capital per worker would offset the drop in investment opportunities resulting from a decrease in the increment of the working force from 700,000 to 300,000 a year. Consequently, the drop in the rate of population growth would not appear to limit investment opportunity to a serious extent.[2]

More important than the settlement of the continent and the drop in population growth in affecting the ability of private enterprise to give employment are recent shifts in economic and political power, recent changes in public policy, and recent developments in technological research. Four principal conditions determine the amount of employment which private enterprise can give: (1) current relationships between costs and prices; (2) prospective relationship between costs and prices; (3) the willingness of investors and business enterprises to embark upon venturesome undertakings; (4) the rate of technological change.

The first two—current relationship between costs and prices and prospective relationships between costs and prices—may be considered together. Private production, of course, must pay for itself. Some managements are more efficient than others; some plants are more efficient than others; some machines in a plant are more up-to-date and efficient than others; some workmen are more efficient than others. Consequently, the proportion of plants which can operate at any given time, the rate at which they can afford to operate, and the number of men which they can afford to employ, depends upon the relationship between costs and prices.

An unfavorable costs-prices relationship will make it impossible for some high-cost plants to run, and for other plants to use certain high-cost equipment, or to employ some of the less efficient workmen. Likewise, the proportion of new ideas in technological discoveries which appear to be worth exploiting depends upon cost-price relations. The higher costs rise in

[2] Contrary to popular impression, slower population growth may stimulate rather than diminish the demand for housing. The population of England and Wales increased from 1910 to 1930 at only one-third the rate in the United States and it is now almost stationary. Nevertheless, during the ten years preceding the outbreak of the Second World War, England and Wales constructed virtually as many housing units per thousand families per year as did the United States on the average during the eight years of the building boom of the Twenties.

☆ The Welder ☆

The ogre with his fiery blade
Tortures the broken ribs of steel;
The metals touch and swiftly heal
Amid the starry fanfaronade
As atoms of agony flame and fade.

A. M. Sullivan

PHOTO FROM EWING GALLOWAY

—PHOTO FROM EWING GALLOWAY

"The proportion of plants which can operate at any given time, the rate at which they can afford to operate, and the number of men they can afford to employ, depend upon the relationship between costs and prices. An unfavorable relationship will make it impossible for some high-cost plants to run, and for other plants to use certain high-cost equipment, or to employ some of the less efficient workmen."

relation to prices, the smaller the proportion of new ideas which appear to be worth exploiting,

More important than current relationships between costs and prices are expected relationships. It is a striking fact that revival from depression usually starts when costs are high relative to prices. The revival may be started by the necessity of replacing inventories or equipment, or by signs that the relationship between costs and prices is likely to improve. At any rate, as soon as the expectation becomes fairly general that the relationship between prices and costs will improve, revival becomes quite pervasive.

Why Was Recovery Slowed?

Recovery from the recent depression in the United States was impeded (1) partly by the difficulties in improving cost-price relationships, and (2) partly by conditions which created unfavorable expectations concerning future cost-price relationships. Many people believed that the country had unemployment and idle plants because there was not enough consumer purchasing power (which was partly true) and that the way to create more consumer purchasing power and put men to work was to raise wages.

That sounds plausible and many business men believed it—at least for a time—and the movement to raise wages under the NRA received support from all parts of the community. Of course, the above reasoning is simply a roundabout way of saying that the way to sell more labor is to charge a higher price for it. At any rate, between 1933 and 1936 the hourly earnings of factory workers rose 25 per cent, and between 1933 and 1937, 40 per cent —one of the fastest advances in the history of the country. Prices rose also and efficiency greatly improved, so that a gain in profits accompanied the rise in wages. In 1937, however, with a national income of $71.4 billions, the profits of non-financial corporations were $3.8 billions, in comparison with $5.3 billions in 1923, when the national income was virtually the same as in 1937—$70.0 billions.[3]

The importance of the difficulties of converting an increase in business into profits since 1933 must not be exaggerated. On the whole, business did a fairly good job in the face of great difficulties. Far more important was the fact that costs were not under control. The rapid spread of organized labor was producing a major shift in economic power.

Growth of Organized Labor

The growth of organized labor must be regarded as long overdue. It was partly a result of a change in the character of the working force. Between 1890 and the middle of the depression the number of high school graduates increased twenty-five-fold. By the early Thirties, two out of five children were completing a high school education and most others were obtaining one or two years of it. Educated and thoughtful workmen are likely to expect an opportunity to negotiate the terms of employment with their employers.

Interest in labor organization was stimulated by changes in the labor market, particularly by the drop in the resignation rate to less than one-quarter the rate before the First World War. This greatly stimulated the interest of workers in job tenure and hence in unions to protect their job tenure. However successfully business may ultimately adjust itself to the rise of organized labor, managements were naturally hesitant to make long-term commitments while the shift in power was still going on, because they did not know how far it would go or what would be its ultimate effect upon costs.

The third principal determinant of the level of employment is the availability of venture capital. During the period of recovery this was reduced in several important ways. The principal

[3] Compare revival of profits after 1934 with the revival after 1921—two years in which the national income was about $50 billions. Between 1921 and 1923 the rise in the national income of $17.2 billions above a level of $52.8 billions produced a gain of $5.6 billions in the profits of non-financial corporations. Between 1934 and 1937 a slightly larger rise in the national income ($21 billions) above $50.3 billions produced a gain of $3 billions in profits. In 1923, with a national income of about $70.0 billions, 61.9 per cent of all active non-financial corporations made money; in 1937, with a national income of $71.4 billions, only 41.1 per cent of all active non-financial corporations made money.

source of venture capital has always been the plowed back earnings of business enterprises. These have been the spearhead of expansion, the prerequisite for drawing in outside funds.

Although some corporations were able to save, corporations as a whole had no savings in the entire period from 1929 to 1940. Managements were interested in maintaining or restoring dividend rates established in the Twenties. Even in 1936 and 1937, when corporations as a whole did fairly well, dividend disbursements exceeded earnings by a billion a year.

Much of the venture capital used in American business has been provided by local capitalists who stood ready to back small, local concerns. The depression was hard on these men, and the bank failures in particular diminished both their fortunes and their willingness to take risks. To these restraints on the supply of venture capital must be added the effect of federal fiscal policy. Between 1929 and 1936 the effective rate of the corporate income tax was virtually doubled. The base rate was raised in 1932; consolidated returns were abolished in 1934; intercorporate dividends were taxed in 1935; taxes on undistributed profits were added in 1936. Some changes were particularly well designed to penalize chance-taking. The loss carry-over provision in the corporate income tax was limited to one year in 1932, abolished in 1933, and not restored until 1938. Capital losses, which had been fully deductible up to 1932, were deductible to only a limited degree throughout the critical period between 1932 and 1938.

Drastic changes were also made in individual income tax rates. How severely tax increases reduced returns on investments in equities is indicated by the fact that by 1938 a man with an income of $50,000 a year needed a yield of 8 per cent before his tax in order to obtain a return of 5.4 per cent. At the same time the capital loss provision of the income tax was modified to narrow greatly the opportunity to deduct capital losses. Can one imagine better arrangements for encouraging investors to avoid venturesome commitments?

The effect of tax changes was magnified by the persistence of a large deficit in the regular budget, undiminished except for one year, in the face of a substantial rise in the national income and of large increases in taxes. When neither rising national income nor rising tax rates reduce the deficit, who could avoid concluding that substantially higher taxes were ahead and that, in view of the record, they might fall in substantial measure upon the return from venture capital?

Technological Change

The fourth principal determinant of the ability of private enterprise to give employment is the rate of technological change. Other conditions being equal, the faster the rate of change, the more abundant are investment opportunities and the greater, therefore, the demand for capital goods and for labor. The spread of technological research is one of the bright spots in the economic picture during recent years. During 1940 there were nine times as many men engaged in industrial research in American business as in 1920, and budgets devoted to industrial research were nine times as large as in 1920. The spread of industrial research continued pretty steadily throughout the depression and the recovery. The moderately good record of American business in increasing employment after 1933 in the face of formidable obstacles must be attributed in large measure to the demand for new equipment created by industrial research and the new products from research laboratories.

What are the prospects that private enterprise will be able to do a better job of providing employment in the future than in the immediate past? The answer to this question depends upon what can be done to meet the requirements for a high level of employment—favorable present and prospective relations between costs and prices; willingness on the part of individual capitalists and enterprises to undertake risky ventures; a rapid rate of technological discovery.

Are reasonably satisfactory cost-price relationships and reasonable assurance with respect to future cost-price relationships compatible with a large and powerful labor movement? Or are large and powerful trade unions bound to advance wages too fast for the rate of technological change? The answer depends in the main upon two things: (1) the success of management in developing an interest among unions in helping to improve products and methods of operation, and (2) the willingness of employers to organize for the purpose of protecting the return on capital.

Many union leaders, especially national leaders, know that the standard of living of workers cannot be raised very far unless the productivity of industry is raised. Even such a modest standard as $1,000 a year for every man, woman, and child would require a 50 per cent increase in output—a national production of $140 billions. Unionism does not necessarily mean that management cannot make arrangements to discuss problems of safety, production, quality control, and training with shop committees, and to obtain from such committees many suggestions for raising plant efficiency. In fact, most unions are glad to select shop committees for that purpose. Satisfactory

(Continued on page 32)

THE author of this article, Dr. Sumner H. Slichter, is Lamont University Professor at Harvard University. In 1941 he was President of the American Economic Association. He presented "The Outlook for Private Enterprise in America" before the Annual Convention of the Investment Bankers Association of America. He is author of two books, published last year, on trade union policy, industrial management, and defense.

WARTIME SHORTAGES—

Their effect on Civilian Industries

RUTH L. LEGER
Associate Editor, DUN'S REVIEW

FOR industry, a keynote of all-out war is conversion. Conversion means more gun lathes, fewer razor blades, more 30-ton tanks, no automobiles. It means that to secure the vastly increased war production, civilian demand must be left partly unsatisfied.

The shift from a peace-time to a war-time economy does not merely invigorate some industries while enervating others. It plagues all manufacturers with the problems of adjusting production methods to new conditions of supply. A stable or more often an increased demand for their products must be equated with a diminished supply of materials. A new premium is put on production ingenuity. Sales and advertising activity tends to diminish since a ready market is assured for all goods which can be produced.

In an effort to picture these changes

THORNTON

and adjustments under the stress of war conditions, DUN & BRADSTREET has made a survey of the production and sales experience of manufacturers in 1941. Retailers have also been asked to contribute information on "shortage" lines inventories and buying channels. As tabulations are completed, additional results will be reported.

Here the camera turns on manufacturing industry as it struggled in 1941 to fill order backlogs swollen by war requirements and the heaviest civilian demand in history. The picture is not so clear in all details as we should like: the sample of reporting manufacturers —2,306—is unfortunately small and the returns for any one industrial group must be interpreted with caution. No photoflash can do justice to a scene undergoing rapid change—and there has probably never before been a period of such intensive industrial conversion as in the four months since Pearl Harbor, a period for the most part not covered by these reports. Yet the replies of this group of manufacturers for 1941 furnish an invaluable record. They offer the first over-all account we have had of the initial impact of war on the civilian goods industries.

EXPERIENCE OF MANUFACTURING INDUSTRIES IN 1941 WITH WAR AND CIVILIAN DEMAND AND SELLING EFFORT

War Goods Sold[1]	Higher Civilian Sales[2]	INDUSTRIES (and number of reporting concerns)	CONCERNS UNABLE TO MEET ALL CIVILIAN DEMAND			CHANGES IN SELLING EFFORT — Per Cent of Concerns Making Each Change						
						Sales Force			Advertising			
Per Cent of Concerns			Per Cent of Concerns[3]	Major Obstacles[4]	Scarce Materials[5]	In-crease	No Change	De-crease	In-crease	No Change	De-crease	Instit. Adv'g[6]
46	64	All Industries (2,306)	32	MS-GC	St, T, C	10	80	10	16	70	14	10
21	72	Food (234)	15	MS-LS	Su, T, St	24	68	8	26	65	9	6
33	80	Textile Products (156)	41	MS-GC	Si, R, W	5	90	5	10	82	8	8
18	80	Apparel (205)	22	MS-LS	W, St, Si	13	77	10	9	78	13	10
64	46	Lumber and Products (96)	31	WO-MS	St, R, C	8	83	9	8	81	11	18
36	72	Furniture (225)	31	MS-LS	St, C, Al	8	84	8	13	76	11	8
68	76	Paper and Products (102)	38	MS-WO	P, St, C	8	77	15	10	70	20	10
22	54	Printing, Publishing (119)	6	MS-GC	L, T, C	6	83	11	20	69	11	13
46	67	Chemicals (160)	29	MS-GC	Al, Z, T	12	73	15	27	54	19	11
23	73	Leather and Products (66)	26	MS-LS	R, St, C	8	89	3	11	80	9	3
54	45	Stone, Clay, Glass Products (96)	18	WO-LD	St, C, Co	11	82	7	15	77	8	3
77	47	Iron, Steel Products (233)	49	MS-GC	St, C, AS	4	81	15	10	72	18	12
59	66	Non-ferrous Metals (104)	49	MS-GC	C, N, Al	14	75	11	22	62	16	8
69	41	Machinery (189)	39	MS-WO	St, C, Al	15	70	15	15	60	25	10
69	58	Electrical Machinery (55)	53	MS-GC	C, St, Al	6	83	11	20	61	19	12
67	55	Automobile, Trans. Equip. (60)	47	MS-GC	C, St, AS	13	79	8	24	61	15	14
38	72	All Others (184)	32	MS-GC	C, St, R	4	83	13	12	67	21	8

[1] Includes concerns reporting any sales of war goods. [2] Includes concerns reporting increased civilian sales from 1940 to 1941. [3] Includes concerns reporting any civilian demand left unsatisfied; sometimes (esp. printing and publishing) account size of sample, data only indicative. [4] Indicates obstacles most frequently mentioned: MS—materials shortage; GC—Government curbs on materials; WO—war orders left insufficient capacity for civilian goods; LS—labor shortages; LD—labor difficulties. [5] Scarce materials most frequently cited as obstacles: St—Steel, T—Tin, C—Copper, Al—Aluminum, R—Rubber, N—Nickel, AS—Alloy Steel, Z—Zinc, L—Lead, Co—Cork, Si—Silk, W—Wool, Su—Sugar, P—Paper. [6] Reported change from product to institutional advertising.

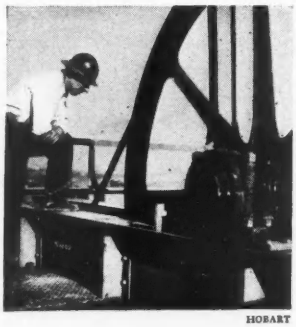
What the replies reveal is not a decline in civilian manufactures but a widespread increase. In 1941 industrial production not only yielded guns *and* butter, but guns and *more* butter. Three out of every five manufacturers among those reporting expanded their volume of civilian business from 1940 to 1941; less than one out of five had a decrease in civilian sales.

Some civilian demand did go unsatisfied. Three of every ten reporting manufacturers could not meet all civilian requirements. But for the most part this was not a "normal" civilian demand. Of concerns unable to satisfy it fully, two-thirds actually had larger civilian sales than in the prosperous year 1940.

Except for some of the heavy goods lines, there was little evidence that in 1941 the diversion of capacity from civilian to war goods production represented the major barrier to the satisfaction of civilian needs. Although approximately half of all these reporting concerns manufactured some material for war only 7 per cent of the total felt that the changeover interfered directly with the completion of civilian orders.

Apparently it was not conversion alone but the combination of both these demand factors—the requirements for war and the unusually heavy civilian business—which produced the strain on supply facilities last year. The most serious pinch was in supplies of materials. Shortages and Government restrictions on the use of materials constituted by far the greatest obstacles which manufacturers had to face. Labor scarcity affected particularly the consumers' goods industries. Relatively few of all these reporting concerns were hampered by either labor disputes or lack of credit.

In the three months which have elapsed since manufacturers were asked to make their reports the pace of the war effort has increased so sharply that many of the facts reported have already undergone revision. There are indications that labor scarcity has become a more significant restrictive factor. Materials shortages are both more acute and more widespread.



HOBART

From the point of view of our successful prosecution of the war it is encouraging that the conversion of facilities and of labor force from peace-time production now represents a steadily growing obstacle to the fulfillment of civilian demand. Since the end of 1941 Government orders have been issued to curtail drastically or to halt production in a dozen consumers' durable goods industries. Production of almost all consumers' durable goods is scheduled to end by June 1.

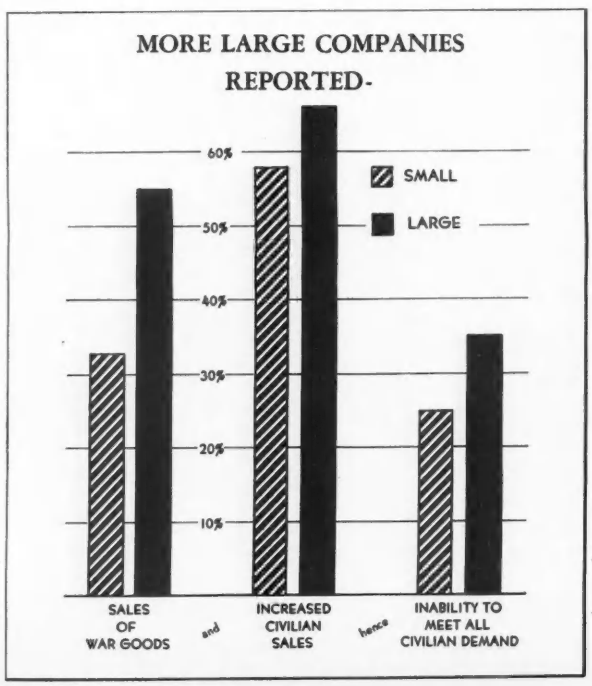
In view of all indications that the supply of goods for the civilian market in destined now for curtailment rather than for expansion as in 1941 the problems of equating demand and supply must grow increasingly acute. Last year many industrial concerns—three out of ten, according to this sample group—were already faced with an excess of demand. For this survey, those thus affected have reported on selling methods, product changes, and sales and advertising expenditures.

In reporting on their methods of selecting among buyers, the majority of the manufacturers who could not meet all demand were prepared to give preference to their oldest customers and best credit risks. Relatively few allowed the merely haphazard selection of "first come, first served" to determine where merchandise would be shipped.

In the rationing of quantities the major criterion was the size of orders placed in the past. Some sellers preferred to sell only in fixed amounts; others withdrew seasonal datings. Only an occasional manufacturer checked off specifically that he "regulated demand by price increases" though some others who have pursued such a policy doubtless hesitated to declare it even to themselves. On the whole the evidence indicated that where manufacturers could not hope to fill all orders they made an especial effort to take care of accounts of long standing. In other words, buyers who have built up good-will reap their awards in wartime.

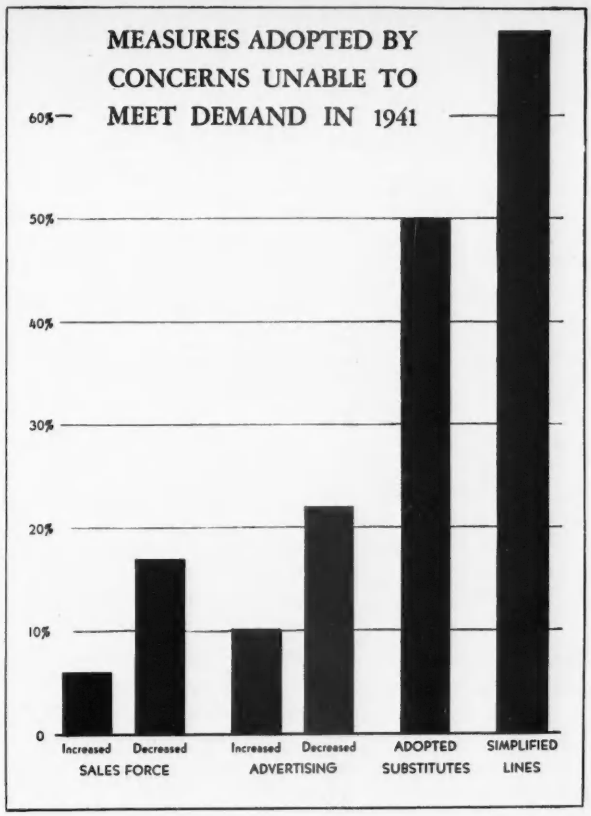
When the problem was not to get orders but how to fill them, these reporting manufacturers chose positive methods of action. One out of two tackled the problem of shortages by adopting substitutes for scarce materials. Three out of five reported that they had simplified their lines.

Selling and advertising activity was to a considerable extent unaffected. Of the manufacturers who had more civilian demand than they could fill, three-fourths made no change in sales force and two-thirds made no change in their expen-



ditures for advertising.

In the May issue of DUN'S REVIEW there will be a report of the experience of manufacturers in coping with shortages of specific scarce materials. We shall now examine in more detail the material already outlined, the obstacles encountered and the changes in sales, advertising, and product for major industries and for the small and large manufacturers.[1]



Obstacles Encountered

Shortages of materials—This was by far the major source of difficulty reported by manufacturers who were unable to meet civilian demand in 1941. Of those who could not fill all orders, 63 per cent gave this as a reason. In thirteen of the fifteen major industrial groups shortages were cited more frequently than any other obstacle.

OBSTACLE	*Per Cent Unable to Meet Demand Reporting Each Obstacle**
Materials shortages	63
Government curbs on materials	26
War orders left insufficient capacity	23
Labor shortages	18
Equipment, parts, unavailable	11
Labor difficulties	7
Additional credit unobtainable	4
Slow deliveries	1
All others	3

* Some concerns mentioned more than one obstacle.

There was no leading industry which had not been accustomed to use some scarce material in its manufacturing process. For the most part it was in steel, copper, rubber, aluminum, and tin that the greatest pinch was felt. One-third of the manufacturers unable to meet demand had been dependent on one or more of these materials.

In two industries, chemicals and automotive, over 80 per cent of the manufacturers who could not fill customers' wants reported that shortages curtailed production. Aluminum and zinc were the most common scarce materials in the chemical industry; copper and steel in the automotive.

In obtaining scarce materials larger-than-medium concerns apparently fared little better than the small. As against 18 per cent of the smaller manufacturers who were hampered by shortages, 17 per cent of the large concerns mentioned this as an obstacle. However, relative to the number of manufacturers in each group unable to meet demand, small concerns found this a more important obstacle than the large; 72 per cent of the small concerns who could not fill all orders mentioned this as a reason, as against 50 per cent of the large.

Government Curbs on Materials—Government-imposed shortages, in the sense of restraints on the non-defense use of materials on hand, were the most frequently reported difficulty after scarce materials. Less than half the number of concerns affected by the lack of materials reported that priorities and other Government controls over supplies prevented them from satisfying civilian demand fully. In all, 26 per cent of the manufacturers who were forced to turn away some business during the year gave this as a reason.

War Orders—Less than one-fourth—23 per cent—of the manufacturers who could not meet demand listed war production as an obstacle. Nearly half of these were in two heavy industries, steel and machinery.

War orders were the most important obstacle reported by the lumber and the stone, clay, and glass industries. In most other industrial groups, including the heavy industries with the largest concentration of war business, this obstacle was ranked only third in importance.

Large concerns, carrying a heavier volume of war orders than the small, also found greater difficulty in meeting all civilian demand. Over half of all large concerns reporting had some war business against only one-third of the small. The greater importance of war work among the larger concerns showed in the average for every major industry. In foods, textiles, paper, and leather, the proportion of large concerns with defense sales was well over double the proportion among the small concerns.

All industries with the exception of foods—where very little difference appeared—also reported larger concerns having more difficulty meeting civilian demand than those of small size. Of the larger-sized manufacturers who could not satisfy all demand 30 per cent gave war production as a reason; of the small, only 16 per cent.

Labor Shortage—The difficulty of obtaining and holding labor was cited

[1] The concepts "small" and "large" were established for each industry by dividing the number of reporting concerns into three size groups, of which the lower third was taken as small and the upper third as large. Classifications were thus devised for each industry. Smallness, for example, has a different meaning for manufacturers of iron and steel than for apparel makers.

HOW does civilian business fare when half of all our manufacturing concerns are devoting part of their productive capacity to war? . . . How successful were manufacturers in meeting civilian demand in 1941? What were the major obstacles which they faced? What changes did they make in their products, in their sales policies, in their advertising effort?

To answer such questions, the survey reported upon here was made as one of the activities of the Research and Statistical Division of DUN & BRADSTREET, INC., publishers of DUN'S REVIEW. In charge of this project was Walter Mitchell, Jr., assisted by Dorothy Davis, Herbert F. Graper, William Hayes, Gerrard J. Jackman, Ruth L. Leger, and Robert L. Tebeau.

as an obstacle by 18 per cent of the manufacturers who were unable to meet demand. On average it was ranked as fourth in importance among the major obstacles. Four industries—foods, apparel, furniture, and leather—placed it second only to materials shortages. With relatively little war business, these industries apparently were most affected by the loss of workers to higher-paid defense jobs.

Among smaller concerns unable to fill demand, 20 per cent were hampered by the scarcity of labor; among the larger concerns, 18 per cent. The reports by individual industries failed to reveal any significant differences in the labor experience of the small and large concerns.

Equipment or Parts Unavailable—Difficulties in obtaining equipment, parts, or repairs were reported by 11 per cent of the concerns unable to fill all civilian business, making it on average the fifth major obstacle encountered.

There was some evidence in the rather limited sample available that the machinery, paper, and rubber industries were among those most affected. Small and large concerns experienced this restriction equally.

Labor Difficulties (not to be confused with *Labor Shortage*)—Reported by 7 per cent of the manufacturers who were unable to fill all civilian demand, labor difficulties were ranked as a major obstacle by only one industry, stone, clay, and glass products. There seemed to be no marked difference in the experience of small and large concerns.

Additional Credit Needed—Lack of credit imposed hardship on relatively few of these manufacturers. Of those who were unable to satisfy civilian demand, only 4 per cent reported that the difficulty of securing additional credit was a reason. Half of these were manufacturers of furniture, of iron and steel, and of chemical products; for the most part they were the smaller-sized concerns.

Distribution Policy

A sudden and strong spurt in demand in a situation where the increase of production is restricted puts a new premium on sellers' choice and buyers' reputations. In 1941, when manufacturers found it impossible, for the reasons which have been outlined, to take full advantage of the increase in demand, they showed a definite preference for certain methods of selecting customers and of determining what proportion of their orders could be shipped.

Relatively few who were unable to meet all demand were willing to trust to hit-or-miss selection. In all, only 17 per cent of the concerns reporting permitted available supplies to be rationed on the basis of first come, first served.

Government priority regulations dictated disposal of civilian merchandise to some extent but actually less than 7 per cent of these manufacturers who could not satisfy all requests reported that priorities provided guidance for distribution. About two-thirds of these were concerns in the metals and machinery lines.

Where selling was unregulated by Government priorities, most manufacturers were inclined to give preferential treatment to customers of long standing and to those with established credit. Many of course used more than one criterion. Oldest customers were favored by 61 per cent of all manufacturers who found it necessary to choose among the buyers. Some concerns found it advisable to rule out new accounts, confining sales to customers with whom they had already done business.

Under these exceptionally lively demand conditions, credit standing became more than ever important. The buyers' credit standing was an established criterion for 46 per cent of these manufacturers who were unable to meet all their demand. In the apparel, lumber, printing, petroleum, and electrical machinery industries, more than half of the concerns based customer selection on the credit rating of buyers.

Far less common was the practice of giving preference to the largest orders. Only 3 per cent of the reporting manufacturers followed this policy and most of these were in the consumers' goods industries.

To apportion sales by volume as well as by customers, some manufacturers adopted past orders as a criterion of size. This was the most popular method of rationing by volume. Reported by 29 per cent of all the concerns unable to meet demand, this policy was followed by over half of the manufacturers in the paper and rubber industries.

Some sellers—about 10 per cent of the concerns reporting—also attempted to regulate demand by selling only fixed amounts. For 6 per cent of the manufacturers, a common policy was to withdraw seasonal datings; about one-fifth of the concerns unable to meet demand for paper, rubber, and leather products resorted to this change in selling policy. Price increases as a means of regulating demand were reported by approximately 6 per cent of these concerns.

Product Changes

Other than the changes in distribution policies, the adjustments made by civilian goods manufacturers to the war-time market of 1941 were largely designed to conserve materials. Of the concerns unable to meet all civilian demand, 68 per cent reported that they had taken steps to simplify their lines. The proportion of manufacturers conserving by reducing colors, sizes, or styles was the greatest in the apparel, textile, paper, and rubber industries, and smallest in lumber products. Relatively few concerns in the food, machinery, and iron and steel industries made changes in the direction of simplification. In most industries large concerns more frequently reported adjustments of this sort than did the small.

One-half of these manufacturers who could not meet the demand for their product succeeded in finding substitutes for one or more scarce materials. In the electrical machinery group, 69 per cent of all manufacturers made substitutions. Three out of five manufacturers of furniture, leather products, and stone, clay, and glass products reported substitutions. None at all were made by concerns in the lumber industry, which had relatively less difficulty with scarce materials than any other industrial group, and only one out of five food processors substituted.

Changes in Selling Effort

The great majority of manufacturers made no changes either in sales force or advertising expenditures during 1941. The tendency to maintain

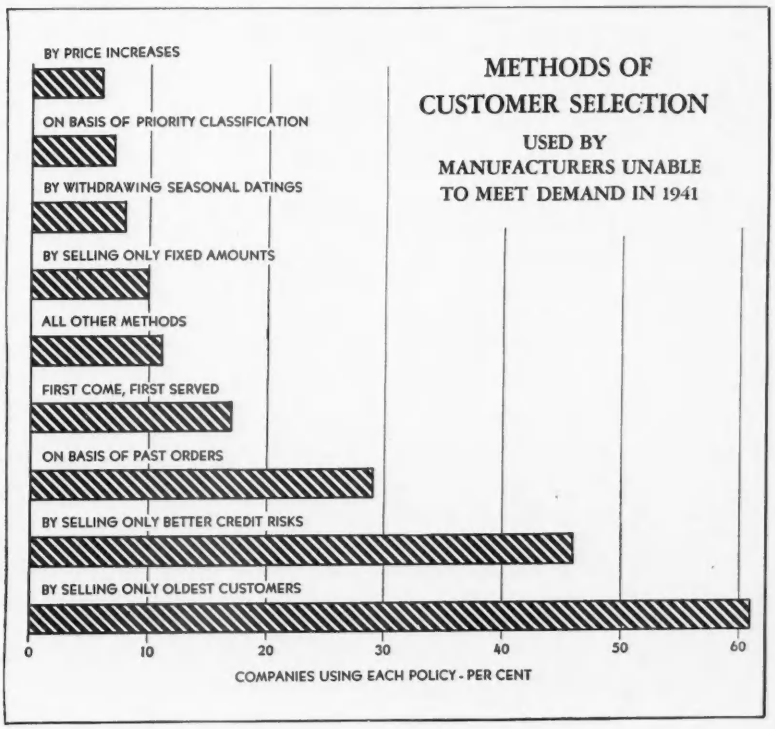
HARRIS & EWING

the same selling effort was marked even among the concerns unable to keep up with demand. Sales forces were kept intact by 80 per cent of all the manufacturing concerns and advertising budgets remained the same for 70 per cent.

Of those who reported any changes, in general about as many expanded as curtailed their sales and advertising expenditures. Among the group of manufacturers who could not meet civilian demand there was somewhat more of an emphasis on retrenchment: twice as many of these concerns decreased as increased sales forces and advertising, but even of these concerns most reported no change.

Increased selling effort was most marked in food processing lines, where one-fourth of all manufacturers reported an expansion of sales forces and advertising. This industry was more able than any other to keep up with demand during the year. On the other hand, the non-ferrous metals industry which had one of the highest proportions to report inability to meet demand, also increased selling expenditures sharply.

The reports of this survey confirm the general prevalence in 1941 of "business-as-usual" habits. A growing backlog of war orders along with an exceptionally lively civilian demand had already created a sellers'-market. Shortages prevented the filling of a fairly substantial proportion of civilian orders, forcing manufacturers to make substitutions and changes in products, and to choose between customers. But on the whole war-time conditions in 1941 had not yet impinged seriously on the activity of civilian goods industries.



WITH the revolution came surging men and opportunity in a changing America. Of necessity the old commercial customs gave way to needs of the day. It was war, out of which came peace—and chaos. Order followed the Constitution, one purpose of which was to regulate commerce. This setting made, Mr. Foulke describes the beginnings of specific financing institutions and their evolution well into the nineteenth century, borrowing much from material he gathered as part of his research for his recently published THE SINEWS OF AMERICAN COMMERCE. *Their later growth and the development of newer institutions to modern times will be treated next month, ending the series.*

COURTESY OF THE NEW-YORK HISTORICAL SOCIETY

THE TONTINE COFFEE HOUSE, *built in 1792 on the corner of Wall and Water Streets, New York City*

Financial Institutions, 1776-1841

ROY A. FOULKE

Manager, Specialized Report Department
DUN & BRADSTREET, INC.

ON the eve of 1776, wealthy individuals in the larger North Atlantic trading seaboard cities owned an impressive amount of surplus money and lived wholly or partly on incomes derived from loans. The basis for extension of both long and short term financing in America was broadening.

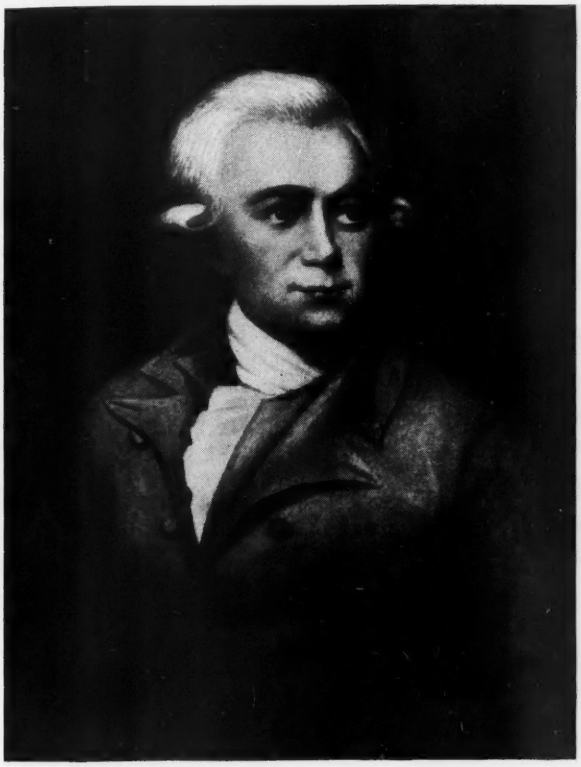
While many Northerners were lending money, Southern planters were sinking deeper into debt to English exporters, factors, and merchant-bankers. Thomas Jefferson put it bluntly: "These debts had become hereditary from father to son for many generations, so that the planters were a species of property annexed to certain mercantile houses in London."

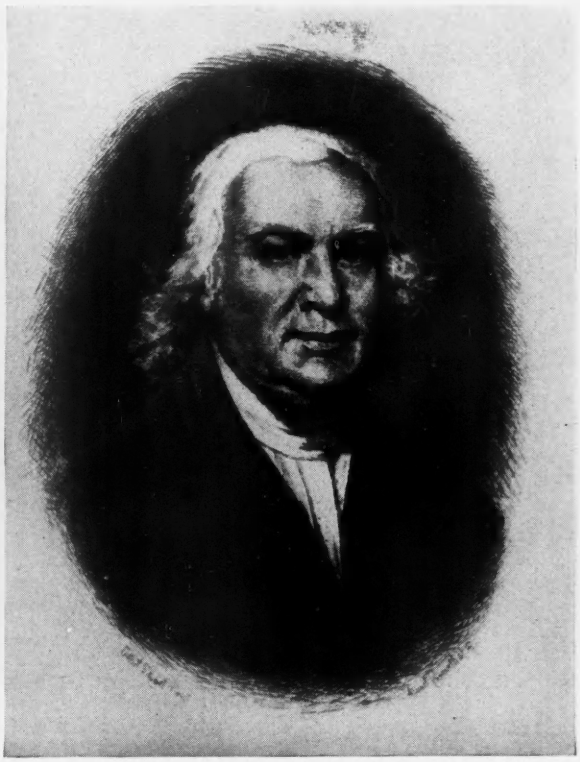
The American tobacco crop was worth nearly as much to Great Britain as all other exports of the mainland colonies. Here was a sound basis for credit and the French lost little time exploiting it after war broke out. They made the first loan to the thirteen struggling colonies in 1777. Foreign credits obtained through the sale of tobacco to Europe were used to buy powder, shot, muskets, blankets, goods, and supplies for the army.

In the rising revolutionary tide newcomers eager and aggressive sprang up to handle commerce under the changed conditions. Many successful merchants remained loyal to the British, and their businesses generally were broken. When the cry for independence was sounded, many large, land-holding loyalists moved into Canada, or returned to England, giving local legislatures opportunity to break up the huge colonial feudal estates. Quitrents and the two bulwarks of a native landed aristocracy, entail and primogeniture, were completely abolished.

These transfers in great wealth in land were the basis for credit and speculation. In those days land was the greatest measure of wealth. After the war vast tracts could be purchased with nominal down payments. Speculation abounded, with Robert Morris, James Wilson, later a Justice of the United States Supreme Court, Silas Deane, Timothy Pickering, and Dutch financiers well up in front.

Fermenting influence of war involves expansion in activity along the entire economic front which, in turn, necessitates credit expansion. This took the





JEREMIAH WADSWORTH (LEFT) AND ROBERT MORRIS—COURTESY OF THE NEW-YORK HISTORICAL SOCIETY

form of involuntary loans obtained by forcing great amounts of depreciating paper currency into circulation. Too, an upward spurt in domestic commercial activity occurred.

The loss in 1775 of the entire British market, primary outlet for colonial products, disrupted all foreign commerce. Large amounts of debts due the British were immediately frozen. Trade now developed rapidly and directly with merchants in Sweden, Holland, France, Spain, and the Dutch West Indies.

Although business was now short-circuited into domestic trade, the ever present desire for profits, the mainspring of American economic development, continued throughout our first Revolution. War or no war, merchandise was bought and sold, principally for cash or on short credit terms.

Inter-colonial trade expanded apace. Continental armies, as well as civilians, had to be supplied. Boston continued to obtain flour from New York and the Chesapeake Bay; Rhode Island obtained military provision from Pennsylvania and Virginia; forces in Virginia obtained beef from Massachusetts and Connecticut, and cereals from Pennsylvania.

Furnishing wagons, forage, tents, cordage, canteens, timber, kettles, oats, nails, weapons, ammunition, oxen, and horses for military use became large scale business.

A moderate portion of necessary military supplies was purchased with specie during the first year of the war, but as hostilities continued, a steadily increasing proportion was paid with depreciating Continental paper money. During the war, terms of sale changed radically. No longer was it practical to give credit for twelve months. All merchants were now money-holders, and purchases were generally made on very short terms. Occasionally however a seller would accept only cash for some very essential commodity. No one wanted to hold "Continental" bills.

As years went by it became necessary to raise more and more paper money. Military leaders from every quarter seriously complained about how lack of cash and credit seriously hampered operations.

It was not unusual for an army officer or a prominent delegate to the Continental Congress to be a partner in a business enterprise which carried on extensive and profitable business relations with Continental and State troops. Even at this date in our national history there existed a rather close relationship between political influence and profitable business.

The preeminent business man of the period was Robert Morris of Philadelphia. While acting as "financier of the Revolution," he was partner in the well-known firm of Willing & Morris that obtained profitable commission contracts from the Secret Committee of the Continental Congress. Morris actually became chairman in 1775, succeeding Willing.

THE YANKEE PEDDLER—COURTESY OF THE BETTMANN ARCHIVE

With the energetic Silas Deane he organized an international commercial and, later, land-speculating group which is said to have included Conrad Gerard, a future French minister to America; M. le Rey de Chaumont, a French government contractor; M. Ferdinand Grand, a Paris banker; Sir George Grand, a broker of Amsterdam, and Thomas Walpole, a member of the English Parliament. This group purchased supplies for America and also carried on extensive profitable sideline activities such as purchasing prize ships taken by American privateers, which Deane then re-purchased for Congress.

Business associates of Morris grew steadily in number as he took advantage of every commercial opportunity. His extensive foreign connections not only enabled him to furnish Congressional supplies but also to obtain private merchandise, some of which he sold to other governmental purchasing agents. He carried on business relations with other firms in all the colonies.

Probably the second most important business man of this period was William Duer of New York. Early in the war Duer became known to Washington who engaged him on confidential activities. He was early asked to provide troop supplies. Later he went vigorously into the profitable contract business, work which continued several years after the war. In many of his activities he associated with Morris, Deane, and Jeremiah Wadsworth.

In 1775 Wadsworth became commissary of supplies for Connecticut, and later began to purchase for the Continental troops, subsequently becoming Commissary General until December, 1779. Here he purchased extensively and paid out large sums of money. Resigning this post he formed the partnership of Wadsworth & Carter which obtained desirable contracts to furnish supplies to the French army under Count Rochambeau, contracts which were extremely profitable. Before the war Wadsworth had little capital. After the war he was very wealthy.

Before the war American colonies were included within the commercial network of the British Empire. After the war they were orphans, and American importers hankered to turn back to old friends and established suppliers in Great Britain and the British West Indies.

These relations on liberal terms of twelve months had been built up over 150 years. Moreover, such English merchandise as hardware and woolens were in great demand; no other country produced them so well so cheaply. Colonial trade had been extremely profitable to English merchants, and they merely awaited peace again to extend necessary long-term credit.

American merchants hungered for European manufactures at the end of the war, heavy orders were placed, and the market soon overstocked. The Autumn of 1784 saw warehouses overflowing with European goods. By the Summer of 1785 sales lagged considerably, and shopkeepers and general stores paid with difficulty.

American merchants continued to export tobacco, rice, fish, lumber, and forest products, but the specie and bills of exchange previously obtained from the West Indies and southern Europe were now largely lacking. The only course was to export all available specie. It is estimated that in the three years following the treaty of Paris at least 1,260,000 pounds in coin went to Britain. Even this amount was insufficient to pay for all purchases.

Political difficulties aggravated the condition. Great Britain placed prohibitory duties on many American products, and planned to replace the provision trade of the United States with that of Canada and the British West Indies. All trade between the British colonies and the mother country, and between the British colonies themselves was forbidden except to British vessels.

Particularly injurious to American traders was the exclusion of our vessels from British colonies in North America and in the West Indies with which a large volume of profitable commerce had been built up. Retaliation natural-

ly followed. Massachusetts, New Hampshire, and Rhode Island passed navigation acts forbidding exports in British ships!

Then individual States passed restricting laws. While the acts of the Southern States were chiefly for revenue, tariffs of the Middle and New England States were for protection and retaliation for the loss of the lucrative West India trade. The States could not agree among themselves and duties varied from 5 to 100 per cent.

Too, some States were admitting identical goods free of duty. British merchandise naturally entered through the free or the cheapest ports. Finally, the States warred on each other, and enacted laws excluding each other's products. When New York placed high duties on British imports, Connecticut and New Jersey attracted this trade by lowering their duties. New York retaliated by taxing the products of those States when brought to New York City.

It was chaos. States repudiated their debts. Merchants over-imported merchandise when duties were favorable, debtors found difficulty in paying, and the courts found no means to enforce payment. Merchants took whatever movable property they could obtain, then took mortgages as additional protection.

State legislatures met the emergency by passing stay laws on debts. Seven States reverted to issuing paper money. Only New Hampshire, Massachusetts, Connecticut, Delaware, Maryland, and Virginia, in which the wealthy merchants or the planters controlled the legislatures, were able to resist the demands of the farmers and debtor classes for "cheap" money. Little wonder that debtors sought escape from their burdens, for imprisonment for debt was common; prisons were filthy, and processes of the court were expensive.

These difficulties in carrying on trade ruined many struggling manufacturers who had sprung up during the war. The cheaper English products, imported in large quantities and commonly sold at auction at low price or on long credit, brought many domestic concerns to bankruptcy.

Under these trying circumstances, the Constitutional Convention met in Philadelphia in 1787. Lack of regulated commerce impelled the States into the formation of a more consolidated national government.

The greatest single source of credit throughout the economic history of the world has been the trade of commercial and industrial business enterprises; the credit extended by one business concern to another, and by retail merchants to the consumer. Trade slowed up during the war while supplies of all kinds were being provided for the army. Then the earlier established trade customs and habits reappeared. Credit references were offered by buyers of merchandise, credit recommendations were sent by one merchant to another, and dunning letters were mailed, just as in colonial days.

Two interesting volumes were printed in 1833 by order of the House of Representatives under the impressive title, *Documents Relative to the Manufactures in the United States Collected and Transmitted to the House of Representatives, in Compliance with a Resolution of Jan. 18, 1832, by the Secretary of the Treasury*. This extensive information was sought as a basis for planned Congressional tariff legislation.

Specific terms of sales were reported by 324 manufacturers who gave exact answers to this particular question: "Whether the manufacture is sold by the manufacturer for cash? and, if on credit, at what credit? if bartered, for what?"

That barter was still an essential technique of trade was evidenced by the fact that 148 manufacturers, 36 per cent of those replying, reported that some portion of their production, generally one-quarter to one-half, was disposed of by barter.

Of the 324 returns 119 or 36.7 per cent were using terms of six months. Terms of sale from six to eight months were used by 31 manufacturers. Third most popular was from four to six months, used by 29, and fourth was four months used by 24.

Clearly a quiet evolution had occurred in the terms of sale used in the distribution of merchandise. As industrial plants had been started in New England and the North Atlantic States, terms had been shortened so that six months had become the most popular and most widely used terms for extending mercantile credit.

The second oldest type of credit institution in America was the ancient pawnbroker. His technique is as old as records, and although records often disclosed grasping characters in this his-

Scene: Wall and William Streets, New York City. Time: 1800. Reading from left: Bank of New York, 32 Wall St.; New York Insurance Co., 34 Wall St.; Bank of United States, Branch, 38 Wall St.

COURTESY OF THE NEW-YORK HISTORICAL SOCIETY

toric rôle, pawnbrokers through the ages often provided credit when available from no other source.

Pawnbroking was known in New York City as early as 1657. In the Minutes of the Court of Burgomasters and Schepens appeared information indicating it was not unusual for early Dutch settlers to use funds obtained by pawning goods "in drinking and jovial company."

However, as a recognized business activity, pawnbroking was probably not followed much before 1800. A class of urban wage-earners had not yet provided the economic basis.

Unlike other lenders the pawnbroker takes no note or promise to pay from the borrower. The business rests on the legal doctrine that the lender's claim extends solely against the property pledged. This credit form was not specifically authorized by statutes in any colony, but was carried on openly with high interest charges by virtue of common law recognition of the pawnbroker's right to make a storage charge.

On July 13, 1812, the Common Council of New York City passed the first ordinance in the United States regulating pawnbroking. The pawnbroker was permitted to charge 25 per cent a year on any loan of $25 or less, and 7 per cent on any loan exceeding $25. After one year the pawnbroker had the right to sell the article at public auction, provided he published notice in an authorized newspaper for twelve days giving time and place of sale.

The rate for loans in excess of $25 was so low that the business could not be operated profitably. Consequently, some pawnbrokers broke the law. Others evaded it by making several loans, each on a different article, for $25 each. In 1820 ten persons were licensed pawnbrokers in New York City.

Very early, in Philadelphia and Boston, centers with relatively large laboring populations, the pawnbroking business was fully as active. Pennsylvania passed its first regulating act in 1823.

Marine insurance was the first insurance widely used in the colonies. Boston, Philadelphia, and New York were the great ports and here the business took root, in the first quarter of the eighteenth century. Those days few individuals underwrote more than 200 pounds on a single bottom or cargo, and frequently as little as 50 pounds.

Not until marine and fire insurance companies were organized did insurance underwriting involve the creation of a modest fund to cover any emergency. Then it was necessary to find some avenue of investment on which a reasonable return could be earned. Out of this situation arose the practice of extending loans secured by mortgages, a practice profitable and enduring. This was the third type of credit institution in America.

First Fire Insurance

The first colonial fire insurance company was the Friendly Society organized in 1736 in Charleston, S. C. Operations were successful for four years when a conflagration destroyed some 300 houses, and put the concern out of business. Then the scene shifted to Philadelphia. Here were organized the two oldest mutual, and the two oldest stock fire insurance companies existing in 1941.

Prominent men, including Benjamin Franklin, founded The Philadelphia Contributionship for the Insurance of Houses from Loss by Fire, March 25, 1752. Paid-in capital and premiums paid for insurance were immediately used to make mortgage loans, The first 58 years the company's only investments were credit extensions secured by mortgages.

The second oldest mutual fire insurance company arose from a decision of the Philadelphia Contributionship not to insure or re-insure housing having trees nearby, even at a high rate. In September, 1784, 40 men, including many members of the older company wanting both insurance and green trees, organized the Mutual Assurance Company for Insuring Houses from Loss by Fire, later widely known as "The Green Tree."

Before 1801, fire insurance companies generally issued policies to cover a period of seven years. In that year The Mutual Assurance Company issued the first perpetual insurance policy in America, one deposit covering the premium in full for the life of a building.

In 1791, funds were invested for the first time in assets other than mortgage loans. Three times during this year stock was purchased in the Bank of North America. Investing funds in stocks was new and the management experimented cautiously.

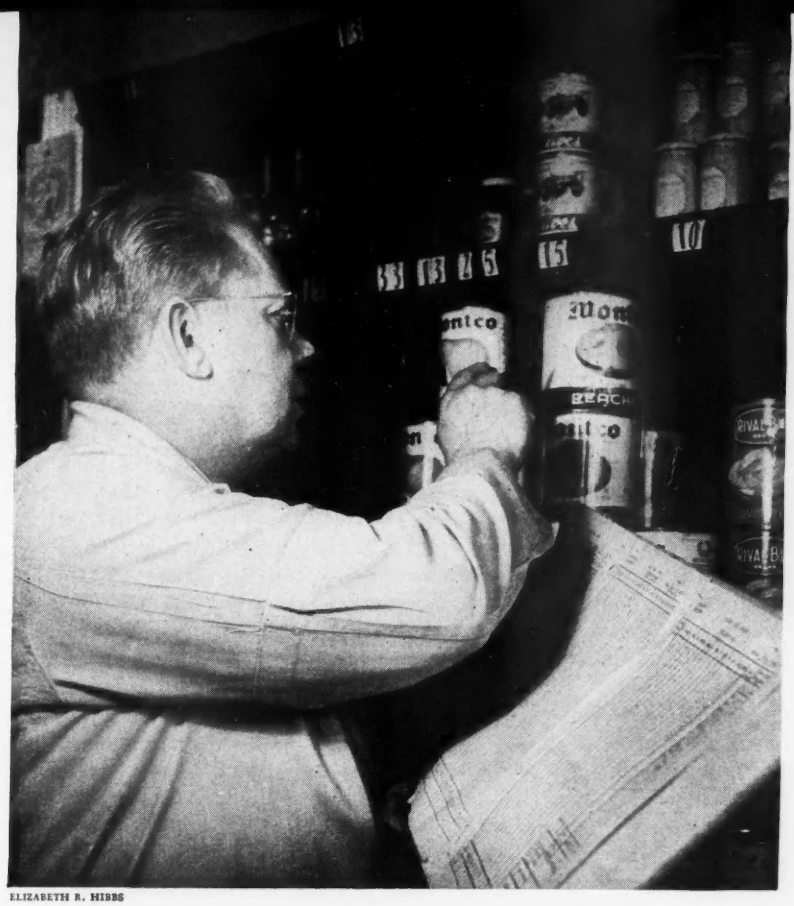
September 25, 1841, the greater part of the assets of this company continued to be invested in mortgage loans. Total assets amounted to $392,443.28, and of this sum, 41 mortgage loans contributed $252,675.73 or 64.4 per cent, investments in stocks and bonds $82,411.74, two houses, one which was used as an office $40,789.21, and cash of $16,566.60.

The Insurance Company of North America, the oldest stock fire and marine insurance company, was organized as an association in November, 1792 to take over the insurance business of The Universal Tontine. Along with cash of $3,571.13 the company acquired $17,491, 6 per cent bonds, $11,230.88, 3 per cent bonds, $3,603.85, deferred bonds, all of the United States, and 57 full shares of stock in the first Bank of the United States. In June, 1793, the company subscribed for 50 shares of stock in the Bank of Pennsylvania.

The Insurance Company of the State of Pennsylvania, second oldest stock fire and marine insurance company, was chartered in April, 1794. Its first investment represented the purchase of $80,000, 6 per cent bonds of the United States, made October 20, 1794, at a cost of $80,266.67.

The financing activities of the early fire and marine insurance companies were basic and important. The early loans of The Philadelphia Contributionship and The Mutual Assurance Company were confined to short-term loans secured by mortgages. The Insurance Company of North America, and the

(Continued on page 39)



ELIZABETH R. HIBBS

A merchant taking inventory illustrates the key importance of store stocks as curtailment of civilian output gets under way.

THE TREND OF BUSINESS

The decrease of consumers' goods output goes on more vigorously behind the scenes of general industrial expansion. Inventories in trade hands, already unusually large and still growing, act as a buffer preventing any decline in total sales. Income expansion stimulates a record consumer demand.

REPORTS of the continued rise of production during the period of conversion are supported by evidence now at hand that March witnessed another more than seasonal increase in industrial activity. The FRB adjusted index is estimated to have advanced to a new high of 174 (a later estimate than that on the chart).

Inasmuch as this increase has been achieved in the face of a sharp curtailment of consumers' durable goods output—probably the sharpest for any month on record—the advance in total hardly suggests the magnitude of the progress which has been made on the war effort. (The FRB index, basing war production heavily on man-hours of work, in addition understates the expansion to the extent of the increase in output per man-hours.)

The measurement of war output which is afforded by the monthly Treasury reports reveals an increase in expenditures for war purposes of 25 per cent during March alone. This was a total of $2,987,000,000 for the month, a daily rate of $114,900,000. That it represents remarkable progress over a short space of time is borne out by comparison with December 1941, when the monthly expenditure was $1,997,000,000.

Nevertheless the accomplishment still falls far short of the final goals set. War expenditures projected by the President for the fiscal year 1943 call for a total of $56,000,000,000, or an increase of 50 per cent over the monthly rate achieved last month. To reach this level of output in coming months implies not only a further substantial increase in total production but a continued acceleration of the shift from civilian to military production.

A suggestion of the scope of these industrial changes is contained in estimates presented by Mr. Milton Gilbert of the U. S. Department of Commerce in the March *Survey of Current Business*. To achieve a net increase in war expenditures of $41,200,000,000 in fiscal 1943, compared with the calendar year 1941, Mr. Gilbert points out that the following objectives must be established in terms of the division of the gross national expenditure or product

Industrial Production

Federal Reserve Board Adjusted Index
1935-1939 = 100

	1939	1940	1941	1942
January	101	122	140	171
February	101	116	144	173
March	101	113	147	178*
April	97	112	144	
May	98	116	148	
June	103	122	159	
July	105	122	160	
August	106	124	160	
September	114	128	161	
October	121	130	163	
November	124	134	166	
December	126	139	167	

* Approximation; FRB fig. not available.

Factory Payrolls

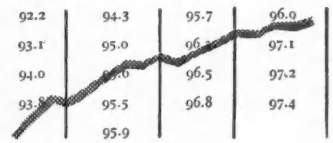
U.S.B.L.S. Index
1923-1925 = 100

	1939	1940	1941	1942
January	84.7	99.8	120.7	173.5
February	87.1	99.3	126.8	176.9
March	88.8	99.8	131.2	
April	86.8	97.9	134.7	
May	86.3	97.8	142	
June	87.9	99.5	139.2	
July	85.8	98.2	142.7	
August	91.2	105.5	158.1	
September	95.4	111.6	162.6	
October	103.2	116.2	166.8	
November	103.2	118.2	165.4	
December	108.0	122.4	170.2	

Wholesale Commodity Prices

U.S.B.L.S. Index—1926 = 100

Week	Dec. 1941	Jan. 1942	Feb. 1942	Mar. 1942
I	92.2	94.3	95.7	96.9
II	93.1	95.0	96.3	97.1
III	94.0	95.0	96.5	97.2
IV	93.8	95.5	96.8	97.4
V		95.9		



(figures are in billions of dollars, based upon average prices of 1941):

AN INCREASE IN:	
Gross product amounting to	17.3
REDUCTIONS IN:	
Government non-defense expenditures	1.4
Private construction expenditures	3.7
Private equipment expenditures	3.5
The increase in foreign claims	1.0
The absorption into inventories	4.5
Consumers' purchases of durables	7.1
Consumers' purchases of non-durables	2.7

Drastic restrictions on the output of non-war goods have already been achieved. By June 1 the industries which formerly made refrigerators, vacuum cleaners, metal household furniture, vending machines, small electrical appliances, phonographs, radios, and domestic laundry equipment will have halted entirely all production for civilians. Mr. Donald Nelson, Chairman of WPB, has indicated that additional orders to be issued shortly will further curtail the consumers' durable goods industries. A WPB order issued April 8 brought to an abrupt standstill all new construction except that for relatively small projects and defense works.

Curtailment of civilian production begins to impinge more heavily on consumers' retail buying although it has not yet reached the stage of accomplishing any appreciable curtailment of expenditures. In February, over-all sales figures now show, the physical volume of retail trade dropped substantially below the previous year for the first month in more than three years. Even in dollar totals, which include the price rise over the year, consumers' purchases of durable goods for the fifth successive month were lower than they had been a year earlier. The sales index of the U. S. Department of Commerce for all durable goods stores recorded a drop of more than 50 per cent.

Offsetting the decline in purchases of durables, however, there has been a sharp rise in buying of soft goods. In February the sales index for this group, which has a weight in the total index almost three times as great as the durables, was up over 20 per cent. March gains are indicated to be even higher as Easter apparel purchasing has been reported at all-time record levels. The adjusted index of department store sales, corrected for the changing date of Easter, was 122, after a decline in February to 125 (1923-1925=100).

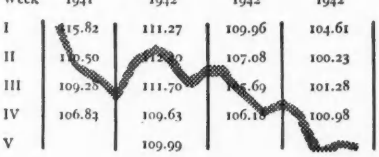
The large inventories in trade hands are still being increased and while this backlog of supply remains there is little reason to expect any marked decline in the total of consumer expenditures. Department store stocks, which are the only available current measure of inventory holdings of retailers, were 41 per cent larger at the end of February than in February 1941 (Federal Reserve Board).

In the durable lines which have been most affected by curtailment regulations the expansion was indicated to be well above this average. Stocks of major household appliances at the end of January, when the FRB obtained department store reports by lines of merchandise, were 127 per cent above the previous year; for all housefurnishings

Industrial Stock Prices

Dow-Jones Index (Weekly Average)

Week	Dec. 1941	Jan. 1942	Feb. 1942	Mar. 1942
I	115.82	111.27	109.96	104.61
II	110.50	112.39	107.08	100.23
III	109.28	111.70	105.69	101.28
IV	106.83	109.63	106.18	100.98
V		109.99		



THE BUSINESS MAN'S DIARY—MARCH, 1942

A monthly summary of selected world events whose especial significance is reflected in the ups-and-downs of the production and consumption statistical series reported upon in DUN'S REVIEW.

2 CONGRESS votes $32,762,737,900 war bill. . . . Men's clothing styles restricted effective March 30. . . . Twenty defense communities given 60 days to reduce "inflated" rents.

3 TREASURY recommends increased war taxes of $9,610,000,000.

5 STOCKS of typewriters frozen preliminary to retail rationing. . . . Japanese take Batavia, capital of Netherlands East Indies.

7 RADIO set manufacture for civilian use ordered halted April 22.

8 INSTALLMENT credits tightened further by FRB: standard maturity reduced from 18 to 15 months.

10 HOUSE votes to increase national debt limit from $65,000,000,000 to $125,000,000,000. . . . Prices of used tires fixed.

11 LEASE-LEND expenditures totalled $2,570,452,441 in past year.

13 HOUSE passes Agriculture Appropriations Bill carrying an estimated $673,255,000, the lowest in recent history; measure prohibits sale of Government-owned crops below parity prices. . . . Wholesale prices of piece goods frozen at March 7 to 11 levels.

14 WPB orders 20 per cent reduction in gasoline deliveries in 17 Eastern States. . . . Joint British-United States Naval Communique discloses loss of 13 warships in naval battles in Java Sea.

16 INCOME tax collections of $1,753,000,000 more than double total of year ago. . . . Maritime Commission orders 234 more Liberty Cargo Ships. . . . Tornadic storms cause widespread damage in seven Southern and Mid-Western States. . . . Manufacture of juke boxes banned.

17 GENERAL MACARTHUR arrives in Australia to take supreme command of United Nations Pacific Forces. . . . Nelson reports plane output up 50 per cent since Pearl Harbor. . . . President expresses opposition to anti-strike legislation.

18 PRESIDENT requests supplemental War Department appropriation of $17,579,311,253. . . . Retail gasoline prices frozen.

20 RUSSIA, Japan sign one-year extension of fisheries agreement.

21 PRINCETON UNIVERSITY survey finds 48-hour week best for peak efficiency in war production.

23 RETAIL prices frozen on refrigerators, vacuum cleaners, stoves, washer-ironers, radios, phonographs, and typewriters.

24 SECRETARY of Labor Perkins reports three-fourths of war plants operating 120 hours or more a week. . . . Unions vote to drop double pay for work on Saturday, Sunday, and holidays.

27 TEA consumption reduced by half. . . . Frozen stocks of electric refrigerators released for unrestricted retail sales. . . . General increase granted in woolen price ceilings

29 BRITAIN offers India dominion status after the war.

Dun's Review Regional Trade Barometers

Seasonally Adjusted; 1928-1932=100
Compiled by Dr. L. D. H. Weld

	Feb. 1942	Per Cent Change from Feb. 1941	Jan. 1942	Per Cent Change from Jan. 1942	1935 Retail Sales Per Cent
U. S.	122.1	+12.3	131.8*	— 7.4	100.0
1. New England	112.7	+16.2	119.5	— 5.7	7.8
2. New York City	95.7	+11.5	101.0	— 5.2	0.3
3. Albany and Syracuse	131.9	+19.6	137.3	— 3.9	2.5
4. Buffalo and Rochester	118.9	+21.5	120.6	— 1.4	1.9
5. Northern New Jersey	115.7	+15.6	121.3	— 4.6	2.9
6. Philadelphia	111.5	+11.5	119.4*	— 6.6	6.2
7. Pittsburgh	121.2	+12.1	130.1	— 6.8	3.7
8. Cleveland	137.1	+17.3	147.6	— 7.1	2.9
9. Cincinnati and Columbus	140.8	+14.4	151.3	— 6.9	3.1
10. Indianapolis and Louisville	144.5	+19.0	160.1	— 9.7	2.6
11. Chicago	110.7	+ 4.3	124.6	—11.2	6.4
12. Detroit	135.9	+ 5.4	138.9	— 2.2	4.0
13. Milwaukee	140.7	+20.7	151.9	— 7.4	2.2
14. Minneapolis and St. Paul	139.0	+21.2	144.7	— 3.9	4.5
15. Iowa and Nebraska	115.2	+20.1	120.0	— 4.0	3.0
16. St. Louis	117.2	+15.6	137.4	—14.7	2.5
17. Kansas City	121.9	+20.0	139.7	—12.7	3.6
18. Maryland and Virginia	162.9	+13.4	163.4*	0	3.8
19. North and South Carolina	155.0	+ 8.5	175.8*	—11.8	2.1
20. Atlanta and Birmingham	169.7	+11.7	173.8	— 2.4	3.5
21. Florida	156.2	+10.3	163.4	— 4.4	1.3
22. Memphis	157.7	+25.8	169.5	— 7.0	1.5
23. New Orleans	128.3	+ 8.7	136.8	— 6.2	1.0
24. Texas	153.8	+12.0	173.9	—11.6	4.5
25. Denver	130.7	+ 9.1	136.4	— 4.2	1.3
26. Salt Lake City	136.0	+18.3	139.4*	— 2.4	.8
27. Portland and Seattle	146.6	+18.5	151.3	— 3.1	2.7
28. San Francisco	118.5	+11.8	120.6	— 1.7	3.4
29. Los Angeles	121.9	+13.3	126.0	— 3.3	3.9

* *Revised. . . . Barometers are available when compiled, usually about the twenty-fifth of the following month, and may be obtained then by special arrangement*

the increase was 42 per cent over 1941.

While recent evidence has pointed to some decline in industrial holdings as a result of priority regulations and materials shortages, reports from wholesale markets indicate that there has been no significant let-up in retailers' stocking ahead. Department stores' outstanding orders were more than double a year earlier at the end of February. Large retailers frequently are reported to have taken additional warehouse space to accommodate unusually heavy inventories.

Rising consumer income continues to add to the pressure of civilian demand. In February total income payments were 23 per cent above the previous February. An increase in living costs—12 per cent over the year, according to the BLS index—partially offset this rise but apparently neither the advance in prices nor the increase in taxes was as yet of proportions to absorb the full expansion of income payments.

Federal tax collections in March were the heaviest for any month in history. Receipts of $3,083,000,000 amounted to more than two and one-half times the total of collections in the same month last year. On the other hand sales of war savings bonds, which also function to reduce the reservoir of purchasing power while building the Treasury balance, declined substantially again in March. Bond sales in March of $564,500,000 compared with the February total of $103,000,000 and with the January record of $1,060,500,000.

Smallest Trade Gains During February Occur in Midest and South

The rise of Western and Eastern areas to regional trade leadership as well as the gradual contraction of sales gains in South Atlantic States was further emphasized in the movements of the regional trade barometers during February.

Reaction from the bulge of anticipatory purchasing was felt in all sections of the country with the largest decreases from January in Midwestern and West South Central sections, the smallest in Maryland and Virginia.

The fresh stimulus of huge gains in farm income and new war plant construction in Western sections has allowed these regions to spurt ahead of established leaders in trade gains over last year.

Meanwhile districts which had consistently turned in the best sales increases in the past are currently experiencing a slower rate of expansion in the face of unusally good buying at this time last year and—especially in the Midwest—the lay-offs attendant upon conversion to war production.

The Northwest and West Central areas again scored most of the outstanding trade gains over last year as the barometers in these sections generally declined less than the country-wide decrease of 7 per cent from January. Outstanding were the Memphis, Minneapolis and St. Paul, Iowa and Nebraska, Kansas and Oklahoma areas.

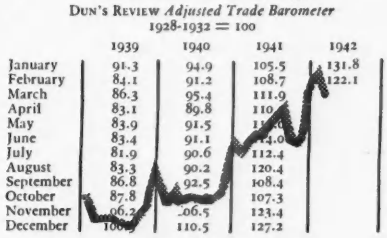
The most pronounced and concerted change in trade gains over last year occurred in South Atlantic States in February. Trade gains for the first time in many months fell below the national average in all but the Maryland and Virginia area. Consumer buying in this entire section still outran all other districts when compared with the average for the years 1928-1932.

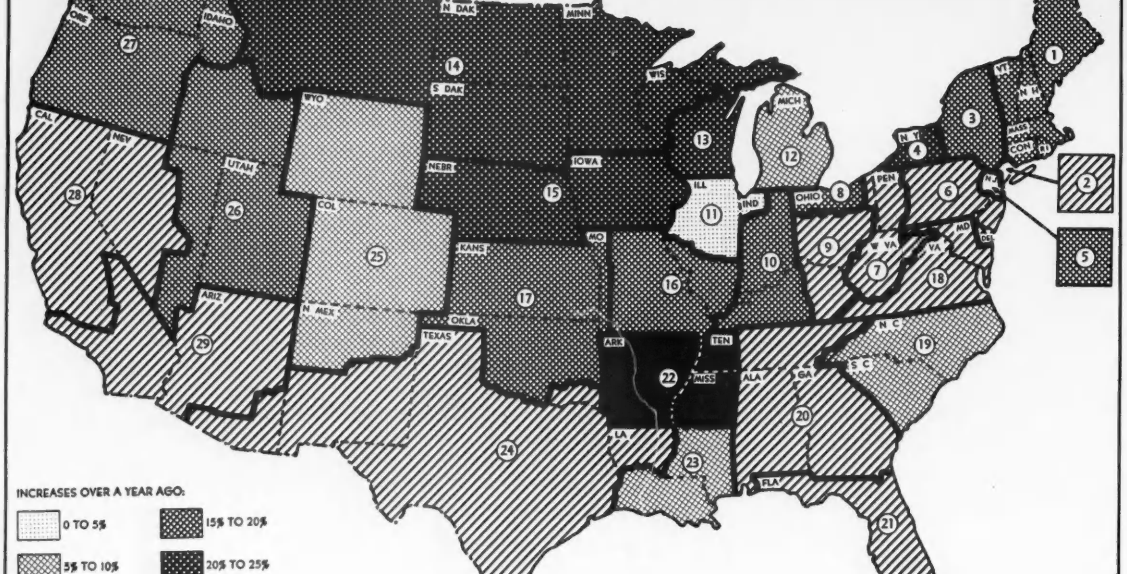
The Midwestern areas of Chicago and Detroit were the only regions to report smaller gains in trade than in the South. The picture varied sharply in this section, however, with some of the largest increases also coming from the East North Central States of Wisconsin and Indiana.

Eastern regions generally maintained the improved position reached in January with the strongest trade gains in Northern New Jersey, upper New York State, and New England. New York City, the Pennsylvania, and West Virginia areas had smaller gains.

Consumer Buying

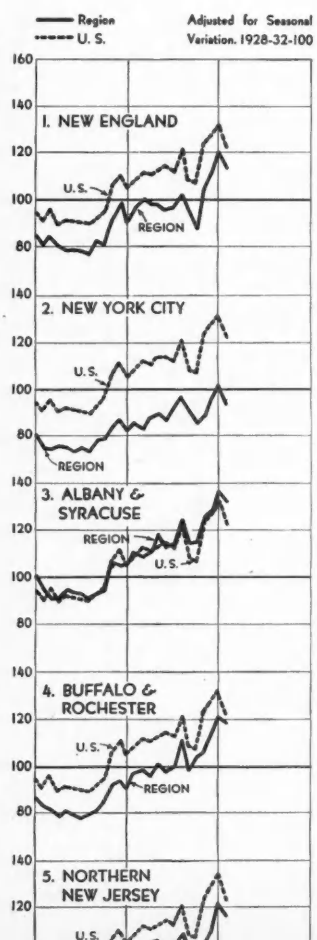
Dun's Review *Adjusted Trade Barometer*
1928-1932 = 100





TRADE ACTIVITY—A REGIONAL SUMMARY

The indexes are compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; trade information in the paragraphs is from spot estimates of DUN & BRADSTREET *offices and other sources and covers the month of February and the first three weeks of March.*



1. NEW ENGLAND

FEB. 112.7 JAN. 119.5 FEB. 1941, 97.0

UNADJUSTED: FEB. 95.2; JAN. 108.1

FEBRUARY—Barometer gain over last year greater than country; drop from last month less than country. Wholesale trade up 22% from 1941. Farm employment increased seasonally. Production and payrolls above last year; generally increased in month, but down in jewelry and smaller industries due to scarcity of materials. Lumbering best in years. Collections steady to better than 1941. MARCH—Department store sales up 28% over 1941. Shoe manufacturers' output at seasonal peak. Capacity operations in munitions plants. Woolen goods output substantially below 1941. Boston gift show orders slightly under last year. Sap season opened early.

2. NEW YORK CITY

FEB. 95.7 JAN. 101.0 FEB. 1941, 85.8

UNADJUSTED: FEB. 90.2; JAN. 86.4

FEBRUARY—Barometer gain over 1941 slightly less than country; decrease from January smaller than country. New York City wholesale employment up 2% from 1941, payrolls 9%; industrial payrolls increased 4% over January, 22% over 1941; retail payrolls decreased slightly from January, up 12% from 1941. Collections better than 1941, better than last month. MARCH—New York City department store sales 20% ahead of last year. Volume of garment manufacturers declined seasonally from February, still at record for period. Reorders on Spring merchandise substantial in wholesale markets.

3. ALBANY AND SYRACUSE

FEB. 131.9 JAN. 137.3 FEB. 1941, 110.3

UNADJUSTED: FEB. 128.1; JAN. 119.3

FEBRUARY—Barometer gain over last year greater than country; decline from last month less than country. Albany wholesale trade up 25% from 1941, Syracuse 50% or more. January farm income up 39% over 1941 in New York State. Industrial payrolls up 7% from January in Utica, Albany 5%, Syracuse 3%; gain over 1941 58% in Utica, 48% in Albany, 27% in Syracuse. Collections better than 1941, steady to better in month. MARCH—Large Binghamton plants working overtime; shoe production increased. Bank debits 29% above 1941 in Syracuse, Utica 28%, Poughkeepsie 23%.

4. BUFFALO AND ROCHESTER

FEB. 118.9 JAN. 120.6 FEB. 1941, 97.9

UNADJUSTED: FEB. 111.1; JAN. 104.6

FEBRUARY—Barometer gain over last year much larger than country; decrease from last month considerably less than country. Buffalo wholesale trade up 10% from 1941. Industrial payrolls increased 3% over January as instrument, furniture, shoe, clothing, heavy industry concerns expanded. Payrolls 43% above 1941 in Buffalo, 14% in Rochester. Collections steady in month. MARCH—Steel production in Buffalo at 94% of capacity. Many Buffalo plants working three shifts, employment expanding; radio plants continue active. Department store sales 31% above 1941 in Rochester, 32% in Buffalo.

5. NORTHERN NEW JERSEY

FEB. 115.7 JAN. 121.3 FEB. 1941, 100.1

UNADJUSTED: FEB. 109.9; JAN. 105.7

FEBRUARY—Barometer gain over 1941 greater than country; decline from last month less than country. Newark wholesale trade 22% above last year, up 5% in month. Building permit values in Newark decreased 49% from 1941. Newark industrial production up about 30% from 1941; employment and payrolls increased from January. Collections better than a year ago. MARCH—Newark department store sales up sharply over last month, 27% above 1941. Wholesale sales up 23% in month. Many plants operating at capacity. Construction increasing employment in Newark area. Payrolls increased further in Paterson.

(Continued directly opposite)

THE MAP

Trade changes in the twenty-nine barometer regions for February 1942 as compared with a year ago are pictured in the map.

Boundaries for each region were drawn with consideration for established trading areas and sales districts, so that economic conditions within a single region are sufficiently alike—as to industry, agriculture and trade—to make it possible to treat each district as a whole.

THE BAROMETERS

The barometers are composites based on obtainable regional statistics. They are comparable. There is available on request material about their compilation and use, county list for each region, back figures.

THE SUMMARIES

The estimates of trade changes and other reports in the paragraphs are based on opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices. Department store sales are from the Federal Reserve Board; payroll, employment figures from State labor departments and the U. S. Bureau of Labor Statistics.

CITY LIST

In the narrow column (below and at the right) the percentage changes from a year ago for check transactions are from the Federal Reserve Board; for retail sales (in italics) from the spot estimates of DUN & BRADSTREET branch offices.

Percentage change, February 1942, from same month last year; retail trade estimates (in italics) and check transactions:

1. NEW ENGLAND

Bangor	+10	+19
Boston	+10	+15
Brockton		+36
Burlington		+14
Fall River		+28
Hartford	+18	+34
Holyoke		+28
Lowell		+17
Lynn		+24
Manchester	+20	+16
New Bedford	+13	+ 8
New Haven	+15	+26
Portland	+15	+79
Providence	+15	+23
Springfield	+ 8	+30
Waterbury		+23
Worcester	+15	+28

2. NEW YORK CITY

Bridgeport	+20	
New York City	+18*	+ 7
Stamford		+ 6

* Department stores only.

3. ALBANY AND SYRACUSE

Albany	+10	+ 6
Binghamton	+15	+13
Poughkeepsie		+16
Syracuse	+10	+16
Utica	+12	+22

4. BUFFALO AND ROCHESTER

Buffalo	+18	+22
Elmira	+16	+32
Jamestown		+22
Rochester	+10	+19

5. NORTHERN NEW JERSEY

Montclair		+ 1
Newark	+10	+19
Northern New Jersey		+16
Passaic		+41

6. PHILADELPHIA

Allentown	+25	+19
Altoona		+ 8
Camden		+20
Chester		+49
Harrisburg	+ 8	+25
Hazleton		+19
Johnstown		+18
Lancaster	+20	+42
Lebanon		+10

(Continued on next page)

Percentage change, February 1942, from same month last year; retail trade estimates (in *italics*) and check transactions:

6. PHILADELPHIA

Norristown		+23
Philadelphia	*+23*	+19
Reading	*+22*	+ 4
Scranton	*+ 5*	+23
Trenton	*+ 6*	+36
Wilkes-Barre	*+25*	+13
Williamsport	*+ 6*	+22
Wilmington	*+10*	+14
York	*+24*	+20

7. PITTSBURGH

Butler		+21
Charleston	*+ 5*	+17
Erie	*+25*	+35
Franklin		+38
Greensburg		+24
Homestead		+20
Huntington	*+ 2*	+20
Oil City		+33
Parkersburg		+15
Pittsburgh	*+15*	+21
Warren, Ohio		+20
Wheeling		+ 9
Youngstown	*+ 6*	+23

8. CLEVELAND

Akron	*+27*	+35
Canton	*+15*	+20
Cleveland	*+15*	+23
Hamilton		+33
Lima	*+10*	+34
Lorain		+21
Toledo	*+18*	+21

9. CINCINNATI AND COLUMBUS

Cincinnati	*+15*	+30
Columbus	*+15*	+29
Dayton	*+18*	+28
Lexington		— 7
Middletown		+37
Springfield	*+20*	+17
Steubenville		+14
Zanesville	*— 5*	+21

10. INDIANAPOLIS AND LOUISVILLE

Evansville	*+10*	+11
Fort Wayne	*+26*	+32
Indianapolis	*+15*	+34
Louisville	*+13*	+16
Owensboro		+14
Terre Haute	*+15*	+18

11. CHICAGO

Aurora		+10
Bloomington		+35
Chicago	*+15*	+17
Danville	*+*	8
Decatur		+23
Elgin		+20
Gary		+16
Hammond		+25
Moline		+25
Peoria	*+10*	+15
Rockford	*+23*	+26
South Bend	*+35*	+ 4
Springfield	*+17*	+ 7

12. DETROIT

Adrian		+ 8
Battle Creek		+45
Bay City		+21
Detroit	*+21*	+13
Flint		0
Grand Rapids	*+ 6*	+ 8
Jackson		+23
Kalamazoo		+ 9
Lansing		+24
Saginaw	*+10*	+10

13. MILWAUKEE

Green Bay	*+17*	+27
Manitowoc		+28
Milwaukee	*+20*	+21
Oshkosh		+13
Sheboygan		+77

14. MINNEAPOLIS AND ST. PAUL

Aberdeen		+ 8
Billings	0	+ 4
Butte		+ 5
Dickinson		+35
Duluth	*+10*	+27
Fargo	*+10*	+18
Grand Forks		+30
Great Falls	*— 5*	
Helena		+ 5
Jamestown		+ 6
LaCrosse	*+ 3*	+ 8
Minneapolis	*+17*	+31
Minot		+39
St. Paul	*+19*	+25
Sioux Falls	*+25*	+46
So. St. Paul		+64
Winona		+22

15. IOWA AND NEBRASKA

Burlington	*+20*	
Cedar Rapids	*+25*	+26
Clinton		+31
Davenport	*+ 8*	+ 2
Des Moines	*+13*	+22
Dubuque	*+10*	+21
Fremont		+30
Lincoln	*+ 6*	+10
Mason City		+29

(Continued on next page)

6. Philadelphia

FEB. 111.5 JAN. 119.4* FEB. 1941, 100.0

*UNADJUSTED: FEB. 101.7; JAN. 103.5**

FEBRUARY—Barometer gain over 1941 and decrease from last month slightly less than for country. Philadelphia wholesale trade up 25% from 1941. Industrial payrolls up in month, almost 40% above 1941 with best gains in Chambersburg, Wilkes-Barre, and Philadelphia areas; gains of 20 to 25% in Pottsville–Scranton–Reading–Lebanon sections. Collections steady to better than year ago. MARCH—Philadelphia department store sales up 31% over 1941. Anthracite coal output declined from February, closer to 1941 levels. Radio manufacture stepped up; considerable plant construction. *Revised.

8. Cleveland

FEB. 137.1 JAN. 147.6 FEB. 1941, 116.9

UNADJUSTED: FEB. 123.4; JAN. 128.4

FEBRUARY—Barometer gain over last year greater than country; decline from last month about same as country. Cleveland wholesale trade up 30% from 1941, Akron 23%, Toledo 23%. Payrolls and employment well above a year ago, steady with last month. Employment in Cleveland at new peak. Collections steady to better than 1941, steady in month. MARCH—Akron department store sales up 39% from 1941, Cleveland 39%; Toledo retail trade up 24% from year ago. Great Lakes water traffic opening earliest on record. Conversion to war work actively progressing.

10. Indianapolis and Louisville

FEB. 144.5 JAN. 160.1 FEB. 1941, 121.4

UNADJUSTED: FEB. 134.0; JAN. 142.2

FEBRUARY—Barometer gain over last year much larger than country; drop from January larger than country. Louisville wholesale trade 15% above 1941, Indianapolis 45%. Indiana farm income up 43% in January from 1941; highest farm prices since 1920. Payrolls generally up from 1941 with gains over January of more than 10% in Connersville, Elkhart, New Albany, decreases of more than 10% in Bloomington, Frankfort, and Muncie. MARCH—Indianapolis department store sales up 29% over 1941, Louisville 16%. Factory employment and payrolls increased, substantial new construction in Indiana.

12. Detroit

FEB. 135.9 JAN. 138.9 FEB. 1941, 128.9

UNADJUSTED: FEB. 129.1; JAN. 123.6

FEBRUARY—Barometer gain over last year much lower than country; drop from last month considerably less than country. Detroit wholesale trade up 80% over 1941, Grand Rapids 5%; farm income in January up 47% over 1941. Michigan industrial payrolls down 5% from last month; up 10% over 1941 despite substantial decreases in automobiles, rubber goods. Collections steady to better than last year. MARCH—Detroit department store sales up 24% over 1941; steel operations at 97% capacity. Detroit industrial employment increased over February, although by mid-March still 11% under 1941.

14. Minneapolis and St. Paul

FEB. 139.0 JAN. 144.7 FEB. 1941, 114.7

UNADJUSTED: FEB. 119.0; JAN. 122.0

FEBRUARY—Barometer gain over 1941 much greater than country, decrease from January less than country. Wholesale trade increased over 1941; Duluth–Minneapolis 15%, Great Falls 5%. January farm income up 53% over 1941 for district. Amount of live stock on farms much greater than last year. Record February egg production. Manufacturing dropped from last month but 20% above 1941. Flour production and shipments of flour, linseed oil and oil cake 20% over last year. MARCH—Department store sales in Minneapolis 15% above 1941. New construction increasing employment in Crosby. Plantings of flaxseed much higher than 1941.

7. Pittsburgh

FEB. 121.2 JAN. 130.1 FEB. 1941, 108.1

UNADJUSTED: FEB. 116.6; JAN. 109.5

FEBRUARY—Barometer gain over last year same as country, drop from last month about same as country. Wholesale trade up 10% from 1941 in Erie, 23% in Pittsburgh, 5% in Charleston. January farm income up 26% over a year ago in West Virginia. Payrolls about steady in month; Erie up 50% over 1941, Pittsburgh 38%, Kane–Oil City 48%. Pittsburgh building permit value up 38% over last year. Collections steady to better than 1941. MARCH—Pittsburgh steel output at 98% of capacity. Department store sales up 33% over 1941 in Pittsburgh. Retail trade up about 15% over 1941 in Youngstown, 40% in Erie.

9. Cincinnati and Columbus

FEB. 140.8 JAN. 151.3 FEB. 1941, 123.1

UNADJUSTED: FEB. 125.3; JAN. 133.1

FEBRUARY—Barometer gain over last year larger than country; drop from last month slightly less than country. Wholesale trade up 25% from 1941 in both Cincinnati and Columbus. January farm income up 32% over 1941 in Ohio. Payrolls well above 1941; up from January in Cincinnati, Springfield; lower in Zanesville as pottery activity decreased. Collections steady to better than 1941. MARCH—Department store sales up 28% from 1941 in Cincinnati, 18% in Columbus; bank debits up 46% in Dayton, Springfield 20%, Zanesville 13%, Lexington 3%, Cincinnati 26%, Columbus 17%.

11. Chicago

FEB. 110.7 JAN. 124.6 FEB. 1941, 106.1

UNADJUSTED: FEB. 104.8; JAN. 109.3

FEBRUARY—Barometer gain over last year lowest in country; decrease from last month larger than country. Chicago wholesale trade 10% above 1941. Illinois farm income in January 54% above 1941. Illinois industrial payrolls at new record peak; expanded 2% further in month, with gains of more than 10% in Aurora–Freeport–Kankakee–Bradley–LaSalle–Peru–Oglesby areas. Collections better than 1941, steady with last month. MARCH—Chicago department store sales 21% above a year ago; steel mills operating at 104% of theoretical capacity. Peoria bank debits 23% above 1941, Rockford 30%.

13. Milwaukee

FEB. 140.7 JAN. 151.9 FEB. 1941, 116.6

UNADJUSTED: FEB. 130.1; JAN. 128.2

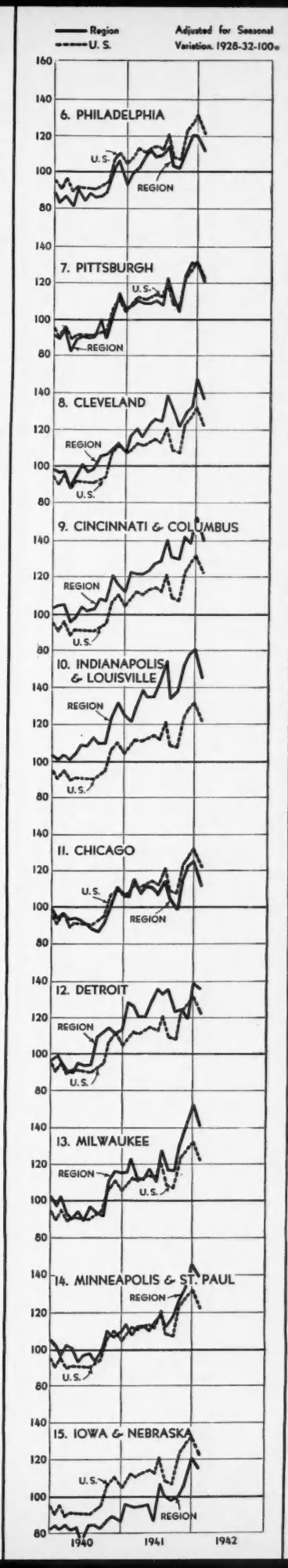
FEBRUARY—Barometer gain over 1941 much greater than country; decrease from last month same as country. Milwaukee wholesale trade up 20% over 1941. Wisconsin farm income in January 57% above 1941. Payrolls and production continued well above last year, steady to higher in month. Value of building permits 36% less than 1941 in Milwaukee. Collections steady to better than 1941. MARCH—Milwaukee department store sales increased 37% over 1941. Bank debits up 29% from last year in Green Bay, Manitowoc 28%, Milwaukee 42%, Sheboygan 49%. Milk and egg production ahead of 1941.

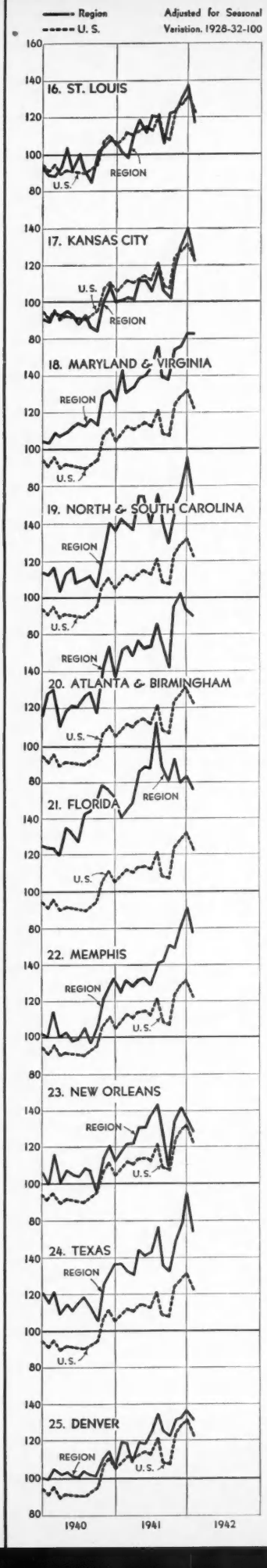
15. Iowa and Nebraska

FEB. 115.2 JAN. 120.0 FEB. 1941, 95.9

UNADJUSTED: FEB. 102.8; JAN. 117.4

FEBRUARY—Barometer gain over 1941 much greater than country; decrease from last month less than country. Wholesale trade increases over 1941: Omaha 23%, Sioux City 7%, Des Moines 8%. January farm income 66% above 1941 in Nebraska, 53% in Iowa. Industrial payrolls generally well above 1941, up 23% in Iowa; down in Dubuque, Davenport. Collections steady to better than 1941. MARCH—Nebraska department store sales up 36% above 1941. Bank debits above last year 30% in Des Moines, 15% in Omaha and Sioux City, 8% in Lincoln.





16. St. Louis

FEB. 117.2 JAN. 137.4 FEB. 1941, 101.4

UNADJUSTED: FEB. 114.3; JAN. 120.9

FEBRUARY—Barometer gain over 1941 greater than country; drop from last month largest in country. St. Louis wholesale trade 18% above 1941. Missouri farm income in January 46% above last year. Corn acreage in Missouri 15% larger than 1941. Payrolls and production substantially increased over 1941. Value of building permits in St. Louis 16% ahead of last year. Collections better than a year ago. MARCH—St. Louis department store sales up 36% over 1941. Further expansion of production and construction increased employment in St. Louis; steel production at 95% of capacity.

17. Kansas City

FEB. 121.9 JAN. 139.7 FEB. 1941, 101.6

UNADJUSTED: FEB. 117.0; JAN. 120.6

FEBRUARY—Barometer gain much greater than country; decrease from last month considerably larger than country. Wholesale trade in Kansas City 15% above 1941, up 5% in Oklahoma City. January farm income 33% above 1941 in Oklahoma; 42% in Kansas. Payrolls and production up over last year, up in month in Wichita. Collections better than last year. MARCH—Kansas City department store sales 35% above 1941, St. Joseph 28%, Oklahoma City 6%, Tulsa 18%, Wichita 48%. Wheat acreage planted in Kansas 20% less than 1941; excellent growth in Western Kansas, but damage in East.

18. Maryland and Virginia

FEB. 162.9 JAN. 163.4* FEB. 1941, 143.7

*UNADJUSTED: FEB. 151.3; JAN. 140.7**

FEBRUARY—Barometer gain over last year slightly larger than country; fractional drop from January much less than country. Baltimore wholesale trade up 10% over 1941, Norfolk 20%, Richmond 25%. Industrial payrolls in Maryland 62% above last year, 4% over last month; employment up 29% from 1941, 3% over last month. Shoe manufacturers very active. Collections steady to better than a year ago. MARCH—Baltimore department store sales up 41% over 1941. Steel, aviation, shipbuilding, and textile activity at record high. *Revised.

19. North and South Carolina

FEB. 155.0 JAN. 175.8* FEB. 1941, 142.9

*UNADJUSTED: FEB. 133.8; JAN. 142.6**

FEBRUARY—Barometer gain over 1941 less than for country; drop from last month greater than country. Winston-Salem wholesale trade up 25% from last year; Charleston 10%. January farm income 69% above 1941 in South Carolina, 25% in North Carolina. Production and payrolls well ahead of last year. Up 1% over last month in North Carolina. Textile operations on 24-hour schedule in Charlotte. Collections about steady with 1941. MARCH—Charleston construction boom greatly increasing employment. Hosiery mills operating at 50 and 65% of capacity in High Point.

20. Atlanta and Birmingham

FEB. 169.7 JAN. 173.8 FEB. 1941, 151.9

UNADJUSTED: FEB. 155.3; JAN. 155.0

FEBRUARY—Barometer gain for 1941 slightly less than country; decrease from last month much less than country. Atlanta wholesale trade 18% above 1941, Nashville 10%, Birmingham 5%. January farm income up 49% in Alabama; 17% in Georgia. Payrolls in Alabama 59% above 1941, 37% in Tennessee, 24% in Georgia. Textile mills report heavy backlogs of unfilled orders, coal mines producing at capacity. Spring plantings delayed by wet weather. Collections better than last year. MARCH—Atlanta department stores 15% above 1941, Birmingham 42%, Nashville 14%. Heavy industries very active.

21. Florida

FEB. 156.2 JAN. 163.4 FEB. 1941, 141.6

UNADJUSTED: FEB. 191.2; JAN. 174.7

FEBRUARY—Barometer gain last year slightly under country; decline from last month less than country. Jacksonville wholesale trade 8% below 1941, Tampa 8% above. January farm income 64% above 1941. Citrus demand picked up; vegetable shipments light, demand and prices good. Payrolls 19% above last year and last month. Value of building permits down 52% from 1941 in Jacksonville and Miami. Miami tourist trade off about 30%; five hotels leased for Government use. Collections steady with last year. MARCH—Miami department store sales declined 11% from 1941. Heavy rains caused damage to tender truck, delayed Spring plantings.

22. Memphis

FEB. 157.7 JAN. 169.5 FEB. 1941, 125.4

UNADJUSTED: FEB. 144.1; JAN. 156.8

FEBRUARY—Barometer gain over last year largest in country; decline from last month about the same as country. Memphis wholesale trade up 25% over last year. January farm income 46% above 1941 in Arkansas, 75% in Mississippi. New spinach crop reported good with prices up. Rapid expansion of business activity boosts employment and payrolls in Arkansas substantially above 1941. Collections better than last month. MARCH—Memphis department store sales 26% above last year, Little Rock up 32%. Unseasonable weather delayed planting of cotton crop. Memphis bank debits up 25% above 1941, Little Rock 29%, Fort Smith 55%.

23. New Orleans

FEB. 128.3 JAN. 136.8 FEB. 1941, 118.0

UNADJUSTED: FEB. 123.9; JAN. 124.1

FEBRUARY—Barometer gain over 1941 much less than country, decline from last month slightly less than country. Wholesale trade in New Orleans slightly below last year. January farm income in Louisiana 39% over 1941. Industrial payrolls 46% greater than 1941 in Mississippi, 4% above last month; up 58% in Louisiana over 1941, 7% over last month. Collections steady with last year. MARCH—New Orleans bank debits 17% above 1941, Jackson 41%, Meridian 14%, Vicksburg 62%. Employment in construction increased payrolls in New Orleans.

24. Texas

FEB. 153.8 JAN. 173.9 FEB. 1941, 137.3

UNADJUSTED: FEB. 145.5; JAN. 152.7

FEBRUARY—Barometer gain over last year about same as country; decrease from January one of largest in country. Wholesale trade increases: Houston 2%, San Antonio 20%, Fort Worth 25%; Shreveport off 10%. January farm income 36% above last year. Industrial payrolls up moderately in month, about 50% above 1941; largest gains in Beaumont, Galveston, Fort Worth, Wichita Falls, smallest in Waco, El Paso, Austin. Collections vary. MARCH—Department store sales 16% above last year for district. Rain is still needed in most of Texas for farms; condition of small grains poor to fairly good.

25. Denver

FEB. 130.7 JAN. 136.4 FEB. 1941, 119.8

UNADJUSTED: FEB. 120.4; JAN. 121.7

FEBRUARY—Barometer gain over last year less than country, in contrast with better-than-country rise in January; decrease from last month smaller than country. Wholesale trade increases over 1941: Denver 8%, Albuquerque 10%. January farm income 42% above 1941 in Colorado, 62% in Wyoming. Colorado fruit and vegetable shipments 75% above 1941. Payrolls and production ahead of 1941, steady in month. Collections steady to better than 1941. MARCH—Denver department store sales 20% above 1941. Trade lagging in rural New Mexico towns; many skilled workers leaving for war centers.

Percentage change, February 1942, from same month last year; retail trade estimates (in italics) and check transactions:

15. IOWA AND NEBRASKA

Omaha	+15	+31
Sioux City	+13	+37
Waterloo	+ 5	+40

16. ST. LOUIS

East St. Louis		+42
Quincy, Ill.	+ 9	+21
St. Louis	+15	+24
Sedalia		+30
Springfield	+ 5	+11

17. KANSAS CITY

Atchison		+37
Bartesville		+15
Emporia		+25
Enid		+37
Hutchinson		+31
Independence		+19
Joplin		+66
Kansas City	+12	+22
Lawrence		+21
Muskogee		+33
Oklahoma City	— 3	+18
Okmulgee		+11
Pittsburg		+43
St. Joseph	+ 8	+29
Salina		+51
Topeka	+12	+15
Tulsa	+10	+34
Wichita	+10	+42

18. MARYLAND AND VIRGINIA

Baltimore	+20	+24
Bristol	+ 5	
Cumberland		+12
Danville		+23
Hagerstown		+27
Lynchburg	+10	+16
Newport News		+ 1
Norfolk	+20	+19
Portsmouth		+56
Richmond	+10	+26
Roanoke	+15	+ 2
Washington	+25	+30

19. NORTH AND SOUTH CAROLINA

Asheville	+10	+ 9
Charleston	+10	+26
Charlotte	+ 9	0
Columbia	— 3	+10
Durham		+18
Greensboro	+10	+14
Greenville		+37
Raleigh	—10	+22
Spartanburg		—16
Wilmington	0	+67
Winston-Salem	0	+28

20. ATLANTA AND BIRMINGHAM

Albany		+36
Atlanta	0	+18
Augusta	+20	+72
Birmingham	+ 8	+10
Brunswick		+12
Chattanooga	+ 8	+37
Columbus	+12	+11
Dothan		+75
Elberton		+12
Knoxville	+ 9	+12
Macon	+ 4	+ 6
Mobile	+15	+66
Montgomery	+ 5	+27
Nashville	+ 5	+23
Newman		+66
Savannah	+ 3	+19
Valdosta		+51

21. FLORIDA

Jacksonville	— 5	+ 9
Miami	—15	+ 6
Pensacola		+41
Tampa	— 8	+23

22. MEMPHIS

El Dorado		+23
Fort Smith	+28	+38
Helena		+41
Little Rock	+20	+28
Memphis	+18	+28
Pine Bluff		+48
Texarkana		+442

23. NEW ORLEANS

Hattiesburg		— 2
Jackson	+ 5	+28
Meridian		+21
New Orleans	0	+27
Vicksburg		+64

24. TEXAS

Abilene		+ 2
Amarillo	+10	
Austin	+23	+21
Beaumont	+29	+19
Corsicana		+23
Dallas	— 2	+33
El Paso	+ 2	+10
Fort Worth	+ 4	+32
Galveston	+ 5	+ 9
Houston	+ 3	+24
Lubbock	+12	
Port Arthur		+28
Roswell		+ 1
San Antonio	+13	+15
Shreveport	+10	+28
Texarkana		+ 7
Tucson		+15

(Continued on next page)

Percentage change, February 1942, from same month last year; retail trade estimates (in *italics*) and check transactions:

24. TEXAS

Tyler		+11
Waco	+ 3	+31
Wichita Falls	+33	+29

25. DENVER

Albuquerque	−10	+ 7
Casper		− 2
Cheyenne		+ 6
Colorado Springs		+ 4
Denver	+ 5	+17
Grand Junction		+ 7
Pueblo		+ 1

26. SALT LAKE CITY

Boise		+20
Ogden		+18
Salt Lake City	+15	+21

27. PORTLAND AND SEATTLE

Bellingham		+18
Eugene		+22
Everett		+17
Portland	+20	+25
Salem		+16
Seattle	+35	+39
Spokane	+ 6	+16
Tacoma	+15	+35
Walla Walla		+23
Yakima		+19

28. SAN FRANCISCO

Bakersfield		+26
Fresno	+10	+22
Oakland	+23	+33
Sacramento	+20	+54
San Francisco	+20	+13
San Jose		+30
Santa Barbara		− 1
Stockton		+19

29. LOS ANGELES

Los Angeles	+ 8	+18
Long Beach		+43
Pasadena		+ 7
Phoenix	+11	+27
San Diego	+20	+59
Santa Barbara		− 1

26. Salt Lake City

FEB. 136.0 JAN. 139.4* FEB. 1941, 115.0

*UNADJUSTED: FEB. 118.2; JAN. 123.5**

FEBRUARY—Barometer gain over last year larger than country; decrease from last month smaller than country. Salt Lake City wholesale trade 20% larger than last year, about same as January. Farm income 76% above 1941 in Idaho, 20% in Utah in January. Sugar beet acreage 20% greater than 1941. Payrolls and production ahead of last year, steady to higher than last month. Collections better than 1941. MARCH—Salt Lake City department store sales 30% above 1941; increased population stimulating business activity, tightening housing situation. Mining very active. *Revised.

27. Portland and Seattle

FEB. 146.6 JAN. 151.3 FEB. 1941, 123.7

UNADJUSTED: FEB. 126.5; JAN. 127.2

FEBRUARY—Barometer gain over last year continues larger than country; decline from last month less than country. Farm income about one-third greater than 1941 in January. Wholesale trade increases: Seattle 30%, Portland 35%. Payrolls much higher than last year, up in month. Lumber production increased over January; orders declined somewhat. Pulp, plywood industries at capacity, shipbuilding, aircraft expanding. Collections steady to better than 1941. MARCH—Seattle department store sales 36% above 1941, Portland 34%. Payrolls continue to rise in Tacoma, Seattle, Portland.

28. San Francisco

FEB. 118.5 JAN. 120.6 FEB. 1941, 106.0

UNADJUSTED: FEB. 112.2; JAN. 108.7

FEBRUARY—Barometer gain over last year again less than country; decline from January one of smallest in country. Substantial acreage increase planned by farmers. Ample moisture for crops. Olive shipments steady, prices good. Industrial payrolls in San Francisco area about double last year; Sacramento and Fresno areas continue to show much more moderate gains. Collections vary, poorer than last year and last month in Fresno. MARCH—San Francisco department store sales 24% ahead of 1941. Rain greatly benefited crops and pastures. Employment and payrolls continue to rise in San Francisco.

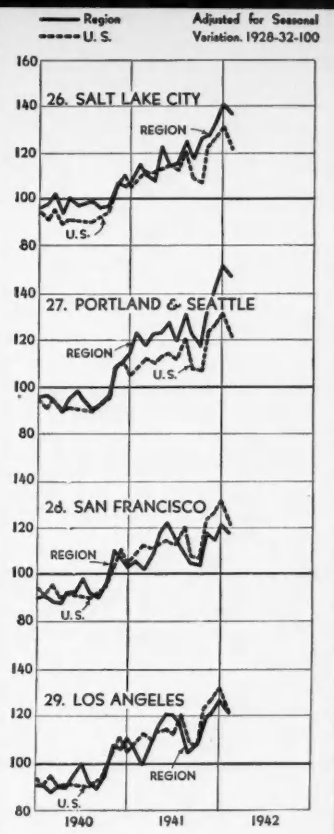
29. Los Angeles

FEB. 121.9 JAN. 126.0 FEB. 1941, 107.6

*UNADJUSTED: FEB. 119.1; JAN. 117.8**

FEBRUARY—Barometer gain over last year continues smaller than country; decline from January less than country. Los Angeles wholesale trade up 35% from 1941. Farm income sharply higher than 1941. Cattle condition, ranges good. Severe cold retarded Arizona crops. Orange, grapefruit crops larger than last season. Payrolls and production much greater than last year, steady to up in month. Collections better than 1941. MARCH—Los Angeles department store sales 17% above 1941. Copper mining on 7-day 24-hour week. Employment and payrolls in Phœnix at all-time high.

ADDITIONAL REGIONAL trade statistics for many cities include: sales of independent retailers in cities in 34 States surveyed monthly by the U. S. Bureau of the Census; department store sales and bank debits, issued by the Federal Reserve Board.



SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW"

There is available upon request information (methods, back figures, obtaining data previous to publication, and so on) about any of the data—such as those summarized here—originally compiled by DUN & BRADSTREET, INC. . . . The Wholesale Food Price Index is the sum of the wholesale price per pound of 31 commodities in general use.

Bank Clearings 23 United States Cities

(Millions of dollars)

	Monthly		
	1942	1941	1940
January	31,483	26,166	24,140
February	26,003	22,687	20,641
March	....	27,609	23,681
April	....	27,105	23,587
May	....	27,602	24,361
June	....	28,094	21,838
July	....	28,483	22,939
August	....	27,125	21,046
September	....	27,308	21,083
October	....	32,283	25,289
November	....	28,437	25,224
December	....	33,893	27,862
Total	....	336,780	281,691

	Daily Average		
	1942	1941	1940
January	1,210.9	1,005.9	928.5
February	1,182.0	1,031.2	897.4
March	....	1,061.9	910.8
April	....	1,042.5	907.2
May	....	1,061.6	936.9
June	....	1,123.7	873.5
July	....	1,095.5	882.3
August	....	1,043.3	779.5
September	....	1,092.3	878.5
October	....	1,241.7	972.7
November	....	1,292.6	1,096.7
December	....	1,303.6	1,114.5
Total	....	1,116.3	931.5

Building Permit Values—215 Cities

GEOGRAPHICAL DIVISIONS:	February 1942	February 1941	Per Cent Change	January 1942	Per Cent Change
New England	$5,973,055	$5,677,362	+ 5.2	$2,972,806	+100.9
Middle Atlantic	14,054,444	20,216,009	− 30.5	8,215,786	+ 71.1
South Atlantic	8,636,697	9,555,354	− 9.6	7,962,005	+ 8.5
East Central	24,197,756	20,414,457	+ 18.5	17,909,297	+ 35.1
South Central	10,551,213	9,183,815	+ 14.9	9,075,989	+ 16.3
West Central	3,527,162	3,864,183	− 8.7	3,014,262	+ 17.0
Mountain	1,466,762	1,931,991	− 24.1	1,080,704	+ 35.7
Pacific	20,157,880	22,757,493	− 11.4	12,092,901	+ 66.7
Total U. S.	$88,564,969	$93,600,664	− 5.4	$62,323,750	+ 42.1
New York City	$8,231,563	$13,675,776	− 39.8	$2,849,510	+188.9
Outside N. Y. C.	$80,333,406	$79,924,888	+ 0.5	$59,474,240	+ 35.1

Bank Clearings for Individual Cities

(Thousands of dollars)

	February 1942	February 1941	Per Cent Change	January 1942
Boston	1,210,588	997,159	+ 21.4	1,385,407
Philadelphia	2,123,000	1,793,000	+ 18.4	2,524,000
Buffalo	197,851	155,772	+ 27.0	226,057
Pittsburgh	774,099	620,473	+ 24.8	859,111
Cleveland	620,534	473,707	+ 31.0	719,965
Cincinnati	358,037	271,491	+ 31.9	388,472
Baltimore	427,776	364,100	+ 17.5	504,199
Richmond	221,820	184,541	+ 20.2	252,999
Atlanta	388,500	317,400	+ 22.4	435,400
New Orleans	245,760	184,756	+ 33.0	268,717
Chicago	1,538,533	1,338,315	+ 15.0	1,854,364
Detroit	782,793	592,215	+ 32.2	952,657
St. Louis	507,354	394,397	+ 28.6	570,691
Louisville	217,695	185,697	+ 17.2	271,579
Minneapolis	357,723	271,576	+ 31.7	425,415
Kansas City	524,551	390,102	+ 34.5	613,526
Omaha	172,694	125,879	+ 37.2	186,955
Dallas	341,873	248,895	+ 37.4	376,600
Houston	275,589	212,582	+ 29.6	317,748
San Francisco	775,091	618,401	+ 25.3	898,130
Portland, Ore.	189,566	151,255	+ 25.3	229,447
Seattle	245,038	183,308	+ 33.7	285,186
Total 22 Cities	12,496,465	10,075,021	+ 24.0	14,546,625
New York	13,506,969	12,611,576	+ 7.1	16,936,770
Total 23 Cities	26,003,434	22,686,597	+ 14.6	31,483,395

Wholesale Food Price Index

1942	1941	1940
Apr. 14. $3.65	Apr. 15. $2.77	Apr. 16. $2.30
Apr. 7. 3.63	Apr. 8. 2.75	Apr. 9. 2.30
Mar. 31. 3.60	Apr. 1. 2.72	Apr. 2. 2.28
Mar. 24. 3.57	Mar. 25. 2.69	Mar. 26. 2.29
Mar. 17. 3.57	Mar. 18. 2.65	Mar. 19. 2.29
Mar. 10. 3.59	Mar. 11. 2.61	Mar. 12. 2.31
Mar. 3. 3.57	Mar. 4. 2.59	Mar. 5. 2.32

	HIGH		LOW	
1942....	$3.65	Apr. 14	$3.45	Jan. 6
1941....	$3.43	Dec. 30	$2.50	Jan. 7
1940....	$2.49	Dec. 10	$2.18	June 18

Daily Wholesale Price Index 30 Basic Commodities

(1930-1932 = 100)

	1942			
	Apr.	Mar.	Feb.	Jan.
1	157.24	†	†	* ....
2	157.44	154.63	154.14	151.54
3	*	155.29	154.31	152.16
4	157.43	155.43	154.57	† ....
5	†	155.29	154.78	152.75
6	157.54	155.18	154.34	152.83
7	157.46	155.23	154.33	153.16
8	157.54	†	†	152.75
9	157.81	155.14	154.38	153.06
10	157.72	155.31	154.34	153.34
11	157.68	155.43	154.70	† ....
12	†	155.79	*	154.24
13	157.70	155.76	154.87	153.75
14	156.80	155.45	154.93	153.90
15	156.91	†	†	153.96
16	.....	155.25	155.10	154.12
17	.....	155.61	155.42	154.31
18	.....	155.71	155.19	† ....
19	.....	155.26	155.11	154.06
20	.....	154.98	155.20	154.15
21	.....	155.14	155.31	154.22
22	.....	†	†	154.69
23	.....	155.20	*	155.10
24	.....	155.63	155.50	155.24
25	.....	155.45	154.68	† ....
26	.....	155.59	154.92	155.89
27	.....	156.03	155.05	155.52
28	.....	156.84	155.25	154.01
29	.....	†		154.71
30	.....	157.50		154.97
31	.....	157.14		154.41

† Sunday. * Markets closed.

	HIGH		LOW	
1942...	157.81	Apr. 9	151.54	Jan. 2
1941...	150.54	Dec. 12	123.03	Feb. 17
1940...	124.84	Dec. 31	112.42	Aug. 19

	Number of Failures			Current Liabilities *Thousands of dollars*			Total Liabilities *Thousands of dollars*		
	1942	1941	1940	1942	1941	1940	1942	1941	1940
Jan.	962	1,124	1,237	9,916	11,888	15,279	10,463	12,535	15,805
Feb.	916	1,129	1,042	9,631	13,483	13,472	10,086	14,323	13,600
Mar.	....	1,211	1,197	....	13,444	11,681	....	14,754	12,130
Apr.	....	1,149	1,291	....	13,827	16,247	....	15,068	17,114
May	....	1,119	1,238	....	10,065	13,068	....	10,215	13,437
June	....	970	1,114	....	9,449	13,734	....	10,183	25,101
July	....	908	1,175	....	13,422	16,213	....	14,097	17,756
Aug.	....	954	1,128	....	11,134	12,997	....	11,949	13,223
Sept.	....	735	976	....	9,393	11,397	....	10,904	15,473
Oct.	....	809	1,111	....	7,333	12,715	....	7,772	14,236
Nov.	....	842	1,024	....	9,197	16,572	....	10,514	17,987
Dec.	....	898	1,086	....	13,469	13,309	....	16,131	14,480
Total	....	11,848	13,619	....	136,104	166,684	....	148,445	190,342

	Dun's Insolvency Index†					
	Unadjusted			Adjusted‡		
	1942	1941	1940	1942	1941	1940
Jan.	53.5	62.2	67.1	45.3	51.8	54.6
Feb.	57.6	71.3	66.7	50.1	62.0	58.0
Mar.	....	62.5	62.6	....	61.3	61.4
Apr.	....	61.5	70.1	....	58.6	67.4
May	....	59.9	66.9	....	58.7	65.6
June	....	53.9	62.5	....	55.0	64.4
July	....	50.4	63.0	....	56.0	70.8
Aug.	....	49.0	60.6	....	57.0	71.3
Sept.	....	40.7	54.3	....	48.4	64.6
Oct.	....	44.8	61.7	....	48.2	67.1
Nov.	....	48.4	61.9	....	46.1	59.5
Dec.	....	49.5	58.0	....	49.5	57.4
	....	54.4	63.0	....	....	....

† Apparent annual failures per 10,000 enterprises. ‡ For seasonal variation.

Federal Reserve Districts	Jan.-Feb. 1942	Jan.-Feb. 1941	Per Cent Change
Dallas	29	74	—61
Philadelphia	101	170	—41
Richmond	68	92	—26
New York	645	841	—23
Cleveland	93	120	—22
St. Louis	66	75	—12
San Francisco	211	240	—12
Boston	170	186	— 9
Atlanta	85	80	+ 6
Chicago	277	255	+ 9
Kansas City	99	91	+ 9
Minneapolis	34	29	+17
Total	1,878	2,253	—17

Failures by Divisions of Industry—February 1942 and 1941

(Current liabilities in thousands of dollars)

	Number			Liabilities		
	Feb. 1942	Jan. 1942	Feb. 1941	Feb. 1942	Jan. 1942	Feb. 1941
Total United States	916	962	1,129	9,631	9,916	13,483
Mining, Manufacturing	141	159	182	2,525	3,550	5,983
*Mining—Coal, Oil, Misc	5	4	7	182	184	294
Food and Kindred Products	31	39	25	470	1,378	1,052
Textile Mill Prods., Apparel	24	44	42	319	615	600
Lumber, Lumber Products	13	11	24	456	176	765
Paper, Printing, Publishing	15	13	13	214	70	185
Chemicals and Allied Products	8	6	7	73	200	172
Leather, Leather Products	5	5	7	119	99	127
Stone, Clay, Glass Products	2	1	2	33	4	24
Iron and Steel, and Products	5	5	5	116	173	354
Machinery	8	3	15	66	51	503
Transportation Equipment	2	3	5	22	100	619
Miscellaneous	23	25	30	455	500	1,288
Wholesale Trade	70	81	104	1,027	1,285	1,611
Food and Farm Products	28	33	37	384	652	620
Apparel	6	2	4	80	8	42
Dry Goods	1	2	4	3	13	51
Lumber, Bldg. Mats., Hardware	9	7	11	73	284	317
Chemicals and Drugs	5	5	4	324	51	30
Motor Vehicles, Equipment	3	2	6	15	9	178
Miscellaneous	18	30	38	148	268	373
Retail Trade	589	604	719	4,232	3,641	4,501
Food and Liquor	186	182	201	827	710	832
General Merchandise	30	35	38	425	222	126
Apparel and Accessories	75	81	145	533	495	852
Furniture, Home Furnishings	35	36	56	282	240	376
Lumber, Bldg. Mats., Hardware	29	22	40	233	152	558
Automotive Group	38	45	56	328	304	335
Eating and Drinking Places	107	109	105	1,065	966	805
Drug Stores	36	36	31	271	249	315
Miscellaneous	53	58	47	268	303	302
Construction	57	65	58	920	851	836
General Building Contractors	19	20	20	482	469	433
Building Sub-contractors	37	42	35	348	331	286
Other Contractors	1	3	3	90	51	117
Commercial Service	59	53	66	927	589	552
Highway Transportation	22	12	19	534	131	144
Miscellaneous Public Services	2	3	2	86	226	57
Hotels	4	1	..	55	17	..
Cleaning, Dyeing, Repairing	8	6	12	102	25	38
Laundries	7	7	7	95	95	120
Undertakers	1	2	5	3	6	40
Other Personal Services	7	3	6	32	22	17
Business and Repair Services	8	19	15	20	67	136

* Subtract this item to obtain true manufacturing total.

FEBRUARY FAILURES RISE

Industrial and commercial failures numbered 916 in February with current liabilities of $9,631,000, compared with 962 failures in January with debts of $9,916,000. A year ago there were 1,129 cases with liabilities of $13,483,000.

February is one of the short months in which the true course of failures is often obscure. So it was in the February just passed. On a daily basis there was an actual gain in the number of failures of about 8 per cent over January. Later discussion of failures by trades and location will be on the basis of the daily averages.

The insolvency index corrects for the change in number of days, and also relates failures to the number of concerns in business, and is therefore a more reliable guide to failure trends than is the reported number of failures. The index rose 4.4 points in February, or from 53.2 in January to 57.6 in February. The index has shown a steady monthly rise since September, but the general level remains well under that a year ago, the current rate of 57.6 failures in every 10,000 concerns in business being 19 per cent under the rate of 71.3 in February 1941.

Comparison of recent trends with the usual seasonal pattern of failures discloses considerable divergence from the normal. The seasonally adjusted index fell during September, October, and November. It rose 3.4 points in December, but continued its decline in January with a 44 point drop to a new low. A 5.0 point rise in February constituted a second upturn in the index, of fairly substantial proportions. Judging from these recent fluctuations, the failure record is reacting to the present unsettled business conditions.

Rise is 8 Per Cent

On a daily basis, February failures were 8 per cent higher than January failures, mainly through defaults in retail trade and commercial service lines. Manufacturing, wholesale trade, and construction failures averaged the same per day in February as in January.

Failures were up to some extent in most individual manufacturing lines, but were offset in the total by a moderate decline in food failures and a substantial drop in clothing lines such as women's apparel and fur garments.

In retail trade, failures increased in practically every line. Among clothing and accessory stores, failures continued to rise; with men's shops going out in increasingly large numbers. Women's apparel shops showed no unusual picture, and failures among accessory shops dropped from a January high of 20 to a more normal level of 9.

Failures in furniture and house furnishings lines have been increasing gradually during the last three months, not so much in the furniture stores, as in floor covering and drapery shops, and electrical appliance stores.

Dealers in lumber and building materials showed up increasingly in the February record. Failures among automobile dealers rose from 10 in January to 14 in February, but defaults in other branches of the automotive lines dropped off.

Failures among restaurants have been in excess of normal for several months, and increased sharply in February. This situation prevails more among luncheonettes, and bars and grills than among straight restaurants. Drug store failures were also very numerous in February, and defaults among cigar stores, particularly those with soda fountains, continued at a high rate.

Food store failures, which were seasonally low in January, were up in February, particularly among bakeries and

small confectionery shops, with, as usual, many among grocery stores, and grocery and meat stores.

Frequent failures among trucking concerns helped to swell the total defaults in commercial service. Several small hotels found their way into the record in February.

Direct comparison with February a year ago is possible. The present general level is about 19 per cent less, with the greatest improvement in wholesale trade with a spread of 33 per cent. Manufacturing failures are about 23 per cent lower, and retail trade down 18 per cent. Construction failures were equally numerous.

Manufacturing lines showing the greatest improvement over a year ago were clothing and textile products, lumber products, and machinery, all cut nearly in half. Little change has occurred in the number of failures in other manufacturing lines from a year ago; current food products failures were even a bit higher.

Failures were down from a year ago in most retail lines, although eating and drinking places and drug stores went out equally in the two periods. Failures among clothing stores were only half as frequent as last February and in other lines, general merchandise, home furnishings, building materials and hardware, and automotive lines, failures were down from 20 to 50 per cent. Food store failures, however, were down only 7 per cent.

The greatest improvement in wholesale lines over last year occurred in the food group, where failures fell 24 per cent. Failures in all construction lines remained practically unchanged from a year ago; in commercial service, trucking failures increased, but the increase was not enough to offset the decreases in other service lines.

Industry Group	Feb. 1942	Feb. 1941	Per Cent Change
Manufacturing	141	182	—23
Wholesale Trade	70	104	—33
Retail Trade	589	719	—18
Construction	57	58	— 2
Commercial Service	59	66	—10
Total	916	1,129	—19

Considering February failures by size, the increase both in retail trade and commercial service was not so much among very small units as among larger concerns. In retail trade, failures with liabilities between $25,000 and $100,000 were up from 13 in January to 18 in February and large failures with debts of $100,000 or more numbered 3 against 1 last month and 2 a year ago.

In manufacturing, on the other hand, there was some increase in very small failures, but a decided falling off in larger failures.

There was a total of only 9 very large failures, compared with 14 in January and 20 a year ago. The 9 were quite evenly distributed among the industry groups.

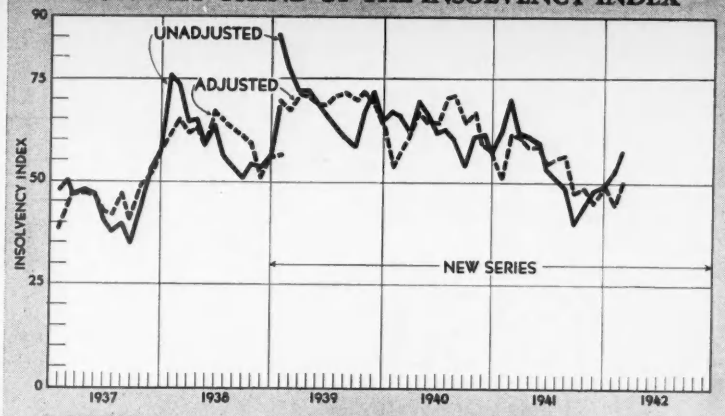
Size Group Liabilities	Feb. 1942	Feb. 1941	Per Cent Change
Under $5,000	493	620	—20
$5,000–$25,000	355	413	—14
$25,000–$100,000	59	76	—23
$100,000 and over	9	20	—55
Total	916	1,129	—19

Geographically, average daily failures increased sharply in the New England, West South Central, and Pacific sections of the country, covered by the Boston, St. Louis, Kansas City, Dallas and San Francisco Federal Reserve Districts. These, moreover, accounted for most of the general rise in retail trade failures.

In the New York and Chicago areas little change was noted between January and February, although February liabilities rose somewhat in Chicago.

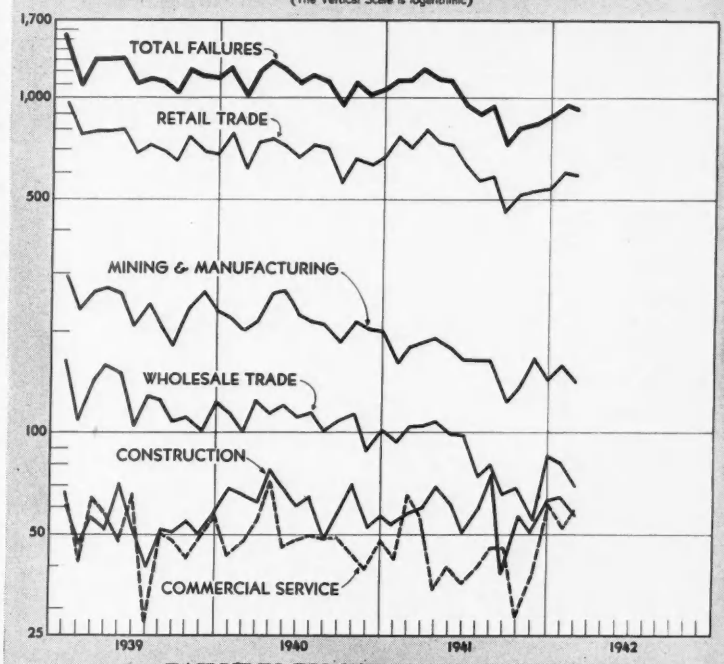
Canadian failures numbered 64 with liabilities of $431,000 compared with 77 in January with debts of $963,000. A year ago Canadian failures numbered 105 with liabilities of $777,000.

MONTHLY TREND OF THE INSOLVENCY INDEX



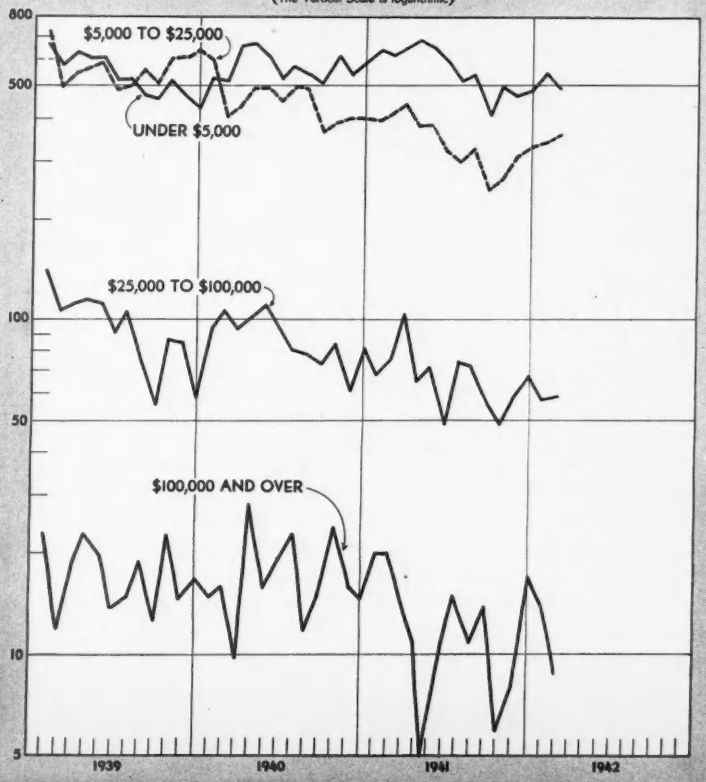
FAILURES BY INDUSTRIAL GROUPS

(The Vertical Scale is logarithmic)



FAILURES BY SIZE OF LIABILITIES

(The Vertical Scale is logarithmic)



OUTLOOK *for* PRIVATE ENTERPRISE

(Continued from page 12)

employer-union relations need to be based upon the understanding by the men of operating and competitive problems of the business which such committees can give.

Rough equality of bargaining power between labor and employers requires in many industries organization by employers. This is especially true in industries where employers are small. It is even true in other industries, because a large automobile manufacturer, for example, cannot afford to be shut down while his competitors take business. The possibility of maintaining reasonably satisfactory relations between costs and prices, therefore, will depend partly upon the willingness of American employers to organize for protecting the return on capital.

At the present time there are few organizations among American employers for bargaining with unions, and those which exist are nearly all weak, with little money in their treasuries and little authority over their members. The success of collective bargaining in Sweden and the United Kingdom is partly attributable to the fact that employers have formed powerful national organizations to protect the return on capital.

Incidentally, recognition of unions and attempts to work out friendly relations with them are likely to be cheaper for business than attempts to prevent the spread of unions by granting wage increases—as many enterprises did in 1936 and 1937. Between 1936 and 1937 the hourly earnings of factory workers advanced 12 per cent. This increase was not in the main directly produced either by trade unions or by the government. It was largely produced by employers who expected by raising wages to destroy the interest of their employees in labor unions. The effect was the opposite. When the men saw wage increases popping all over the landscape, they said: "There is a lot of easy money around. If we organize, we can get more of it." So this attempt to check the spread of organization stimulated it, and many an employer who gave one wage increase to prevent his men from organizing was compelled to give another.

The supply of venture capital will depend partly upon the organization of the capital market. The post-war budget is likely to run about $15 billions a year at present prices. The taxes of 1941 would yield this amount on a national income of $100 billions. Given a satisfactory outcome of the war and reasonably favorable public policies, the national income by 1950 (in terms of present prices) ought to be about $120 billions a year and possibly much more. That figure assumes an increase of only 9 per cent in the number of people employed and a moderate rate of technological change, with an increase in man-hour productivity of only 25 per cent in eight years. Progress is likely to be much faster than that.

Possible Tax Reduction

All of this is important because it indicates the possibility of substantial reductions in taxes after the war. If business is on friendly terms with organized labor and able to command support from it, unions and business should be able to persuade Congress to make tax changes which are well designed to encourage enterprise and to raise the demand for labor.

A reduction in the tax on that part of corporate profits spent for new plant and equipment (the reverse of the undistributed profits tax) would help restore the practice of plowing back earnings—so necessary if new concerns are to grow readily and furnish stiff competition to established firms. The loss carry-over provisions of the corporate income tax could be modified to facilitate the accumulation of capital by new concerns as well as to reduce the risk of loss by all concerns. A more flexible treatment of depreciation allowances would also reduce the risk of loss. Enterprises might be encouraged to write off half the cost of new assets during the first three or four years of their life. This would increase the subsequent tax liability of the concern, but it would reduce the chance that the enterprise might pay taxes for several years on a venture which eventually turned out to be a failure.

It may not make political sense to talk about sweeping reductions in surtax rates. But surtaxes in recent years have been so severe as to prevent recipients of large incomes from considering the type of investment where the possibility of large capital losses is offset by the possibility of large gains. Thus, there is conflict between the interest of the community in a more even distribution of wealth and its interest in full employment. This conflict might be compromised by large reductions in surtaxes on that part of income invested in non-refunding equities.

All of these possible reforms in the tax system acquire added importance when account is taken of the contagious effect of an investment by one enterprise upon investment by its rivals. A store which modernized its windows and counters, a railroad which purchases streamlined equipment, a manufacturer who introduces a new process, all provoke similar action by their rivals. Hence it is important that tax laws be designed to give every encouragement to the enterprise which is willing to put money into an innovation or an experiment, and particularly to the concern which is willing to step out ahead of its rivals and to make commitments in hope of better business.

The amount of capital which goes to work each year as venture capital is not fixed or predetermined. Both investment opportunity and funds for risky ventures have to be discovered. Consequently, the volume of investment depends upon the efficiency of the personnel and the machinery for discovering good risks and for finding persons who might buy particular types of securities.

One of the legacies of the war in this country is likely to be a tax system which drains away most of the income of those people who are best able to take risks. Hence, risk capital must come to an increasing extent from persons with moderate incomes. Since such persons need to diversify their risks, the provision of risk capital may require the development of a new type of investment trust. Instead of investing in the Dow-Jones averages the trust would seek to supply capital to promising new or young concerns. Its stock-in-trade would be its ability to investigate the

The fate of a nation was riding that night

WE who carry on a great American name face the tasks ahead in a spirit of hope rather than sacrifice.

For we know from the example of Paul Revere that the reward of effort is not merely victory. It is a better way of life for many more of us. We have found that looking back on a glorious past brings calm confidence in the future.

To commemorate the 167th anniversary of Paul Revere's Ride, we have prepared a de luxe brochure of Longfellow's poem, with four beautiful colored prints by the famous illustrator, Joseph Boggs Beale, in the belief that many Americans will wish to own them.

We will send it to you on receipt of 25¢ in coin or a 25¢ Defense Stamp and the net proceeds will be divided equally between the Army and Navy relief societies as a contribution from patriotic Americans. Use the coupon below for convenience.

REPRODUCED ON THIS PAGE ARE THE FOUR 8¾" x 9" PRINTS YOU WILL RECEIVE IN FULL COLOR, READY TO FRAME.

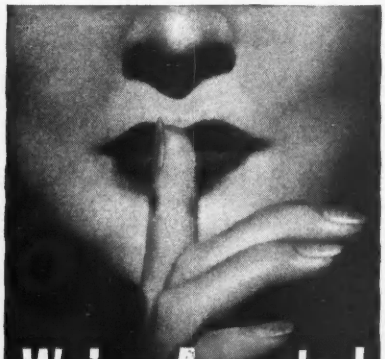
Revere
COPPER AND BRASS INCORPORATED
NEW YORK, N. Y.
Founded by Paul Revere in 1801

Revere Copper and Brass Incorporated
216 Park Ave., New York, N. Y.
Enclosed is 25¢ in coin or a 25¢ Defense Stamp for my copy of the Paul Revere anniversary brochure.

Name.....

Address.....

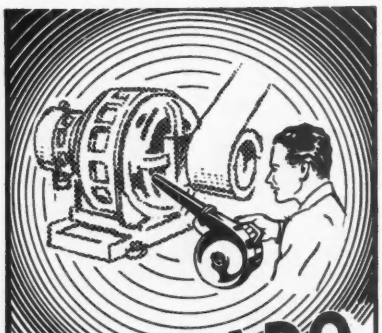
City..... State.....



We've Arrested Clatter and Din in 1,160 Restaurants

This Is Only Part of The Experience That Lets Our Nationwide Distributor Organization Tackle *Any* Noise Problem—Satisfaction Guaranteed.

CELOTEX
REG. U. S. PAT. OFF.
SOUND CONDITIONING
In Canada: Dominion Sound Equipments, Ltd.
THE CELOTEX CORPORATION • CHICAGO



TORNADO
PORTABLE ELECTRIC BLOWER
reduces DUST DANGER

BLOWS clean, dry air, at 295 m. p. h. Cleans out motors, generators and hard-to-get-at places—removing dust, dirt, lint and chips. Costs less than 3c. an hour to operate. Reduces damage to motors and bearings—lessens fire and health hazards.

1 H. P. universal G. E. motor. Weight, 14 lbs. Portable to any place in plant. Plugs in at convenient outlets. Adaptable as Sprayer for spraying paint and insecticide. Convertible into powerful industrial Vacuum Cleaner—for cleaning floors, walls, ceilings, etc.

Free Trial—Write to
BREUER ELECTRIC MFG. CO.
5088 N. Ravenswood Ave., Chicago

TAKE THE DUST OUT OF DUSTY WORK
TORNADO

prospects of new concerns. Its capital would turn over roughly every five to ten years, because, as enterprises became seasoned, the trust would sell out in order to release its funds for new opportunities.

Possibly the form of investment trust outlined may not be the best way to meet the need for new sources of venture capital. Nevertheless, one must expect the organization of the capital market to change constantly as conditions change and must look for new kinds of organizations to develop as a result of the altered distribution of income and severe taxes on large incomes.

The brightest hope for private enterprise is provided by the prospect that technological research will continue to expand rapidly. Despite the fact that nine times as many persons are engaged in industrial research today as in 1920, such research must still be regarded as in its infancy. Half of all industrial research is done by four industries—chemicals, petroleum, electric apparatus, and electric communications. Although there are over 9,000 enterprises in industries covered by the Old Age Pension Act which have 300 or more workers, only about 2,500 concerns have industrial research laboratories. Effective arrangements for bringing industrial research within the reach of small enterprises remain to be made.

New Products

Relatively few concerns have special departments for studying the possibilities of new products and for developing new products. Business is apparently on the eve of developments of first importance in the systematic search for new products and the improvements of old products. One of the most valuable features of our economy is that it consists of about three million enterprises outside of agriculture. This means that there are three million places where budgets are made, three million places where experiments may be authorized and innovations attempted. Such an economy has a capacity to experiment and to make innovations far surpassing any form of regimented economy. It has a dynamic drive and a capacity to make discoveries which no regimented economy can hope to match.

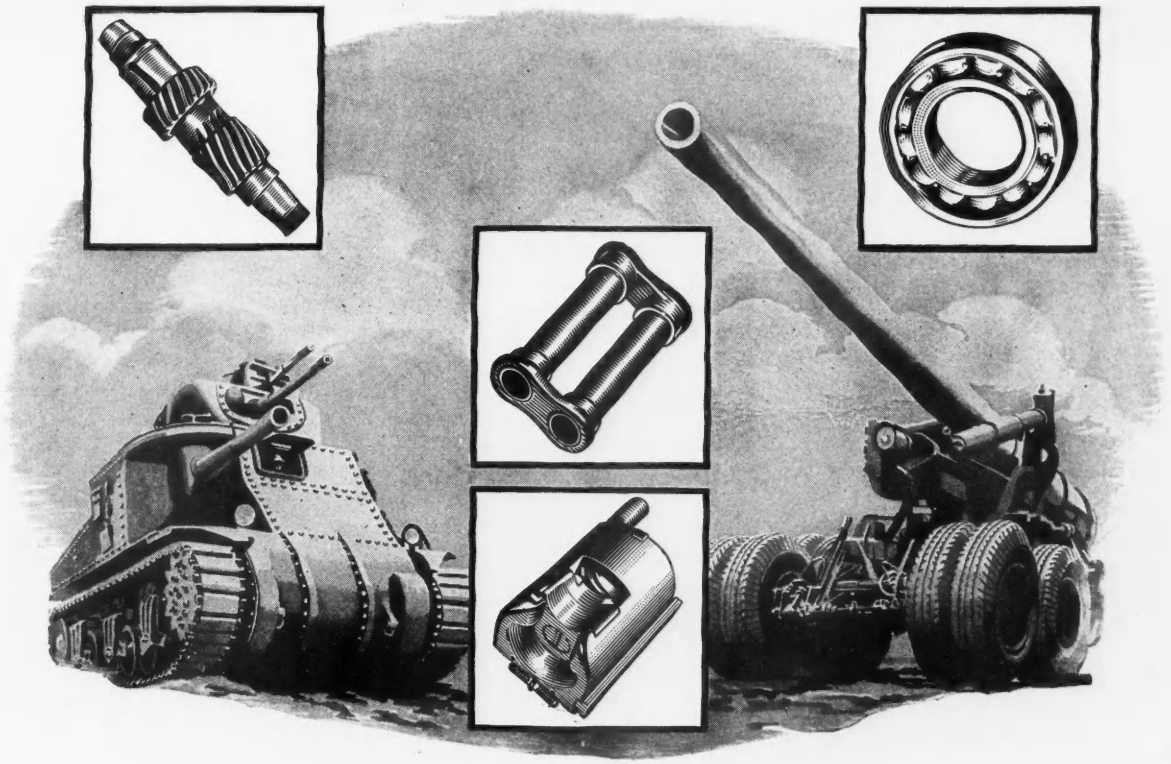
Until recently, investment opportunities have been sufficiently abundant so that the capacity of the economy to produce innovations has been taken for granted. Nothing in particular has been done to increase the output of innovations. Consequently, the advantages of the wide dispersion of initiative which is characteristic of our economy have been only inadequately realized. In the future, conditions will be different. It will not be possible to take the output of innovations for granted. Special steps will be needed to assure the development of a large number of new or improved products and a large number of changes in production.

Shift to Peace

The big test of private enterprise will be provided by the shift from war production to peace-time production. Many people believe that the end of the war will be promptly followed by a great collapse. This will probably not happen—at least not immediately. Experience after previous wars indicates that the first phase of the post-war adjustment (or maladjustment) is a boom. The boom is based upon shortages which accumulate in the course of the war. In 1918 more than one-fourth of the national product was represented by war expenditures. The armistice, however, was not followed by a collapse, but by further expansion, which continued until February and March of 1920.

The longer the present war continues and the larger the war production, the greater will be the shortages. Automobiles, refrigerators, radios, vacuum cleaners, washing machines, lawn mowers, and a wide variety of durable consumers' goods will be available during the war in only small quantities. Non-defense housing will be severely curtailed. Railroads will not be able to replace passenger equipment. Non-defense industries will not be able to buy new machines. Even a wide variety of non-durable goods, such as articles of apparel, will become scarce if the facilities of ocean transportation are inadequate, as they are likely to be.

One cannot pretend to make an accurate estimate of the probable volume of the accumulated shortages. Nevertheless, if consumers in 1942 should be able to buy half the usual amount of durable consumers' goods (an optimistic assumption), and if non-defense industries are able to buy half their usual amounts of industrial equipment (an



Parts into Power

The Role of Sub-contracting in Arms Production

As the nation's war production rises, it becomes increasingly plain that high water level is far above the present tide. Each new objective is barely set before it must be replaced by still greater goals. Each raising of the mark places new obligations upon American industry to meet the driving demands of victory.

In this greatest of "changeover" periods the effect on those manufacturers who were relatively untouched by the United States arms program a year ago now becomes apparent. In order to be in a position to make parts or perform special operations for prime contractors, many companies must adapt their methods, their plants and their personnel to the requirements of the hour.

Bank credit is often helpful in expediting this transition. Directly and through its correspondent banks throughout the nation, the Chase National Bank offers its cooperation both to prime contractors and to all other sound enterprises, large or small, which are capably undertaking indirect defense work.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

NO BROKEN POINTS

...when you write with the almost

UNBREAKABLE PENCIL

Templar DURO Lead

U. S. Pat. No. 2,131,657

25% to 75% STRONGER than similar 5¢ pencils! Withstands pressure of 9 lbs. NO annoying broken points. Less re-sharpening, SAVES TIME. Longer service from each pencil, SAVES MONEY. Extra EASY to write with. 6 scientifically graded degrees—very soft to very hard!

FREE SAMPLES

Ask your stationer—or write TODAY on your BUSINESS LETTERHEAD to Dept. E4.

Extra Strong!

RELIANCE PENCIL CORP.

Manufacturers — Mt. Vernon, N. Y.

Liberty String Binders MEET THE EMERGENCY

HELP CONSERVE RUBBER

by using the most efficient method for packaging and tying all kinds of small forms. Thousands of large banks and business concerns have been using Liberty String Binders for years. Now they are even more vital to the storage of small records than ever before.

Tying with ordinary string is tedious . . . rubber bands rot, break . . . and besides they will become increasingly hard to get. Let Liberties do the job.

Checks, Deposit Slips, Vouchers, Sales Slips and any other small forms can be packaged securely and quickly without tying.

AVAILABLE PLAIN OR PRINTED

Cost less than 2c each in quantities of 250 or more

Free Samples ALL STYLES

Write now for full information about this economical packaging method. Just attach this ad to your letterhead and mail today.

D

BANKERS BOX COMPANY

536 S. CLARK STREET • CHICAGO, ILL.

even more optimistic assumption), the accumulated shortages by the end of 1942 would be about $10 billions. Should the war last through 1943, the accumulated shortages would be much greater—$25 billions or even $30 billions. Such a backlog of accumulated civilian demand would make any public works program that has been suggested look small. Furthermore, this backlog would consist of goods that people are eager to own.

When the resistance of the enemy is broken (even before the formal terms of peace are reached), the patriotic urge to buy defense bonds will weaken. People will be eager to convert part of their income into automobiles, radios, and many people will redeem part of their bonds in order to make postponed purchases. If the rush to make postponed purchases is so great that industry cannot supply the goods, prices will rise and there will ensue a post-war boom which will eventually end in collapse.

Needless Boom Cycle

Both a post-war boom and an ensuing collapse as a result of the boom are unnecessary. True, it will require careful management and careful timing to prevent a boom, and the results will not be perfect. Several steps will be needed. It will be necessary for the government promptly to cut its expenditures (by releasing men from the service and permitting slower delivery of government orders) as bond sales fall and private expenditures rise. It also will be necessary for the government to make changes in the order of priorities on raw materials, and to increase the quantities of raw materials for non-defense production. It may be necessary for the government to limit the volume of bond redemptions per month. In those cases where the transfer of workers from defense to non-defense work requires a change of employer, efficient service from the public employment offices will be needed.

It will be necessary for many thousands of private plants to be prepared to start or to expand non-defense production as soon as possible after fighting ceases. This will be one of the most difficult jobs of all, because in many cases retooling and shifting of machinery and equipment will be necessary. In fact, demand for automobiles and other articles may develop faster than industry will be able to supply it. Probably it will be necessary to "de-ration" various articles, such as automobiles, refrigerators, and radios, by gradual steps—that is, to permit the purchase of them by successively broader categories of persons before restoring free markets. Adequate arrangements to finance the transition may require that many business enterprises reduce dividends during the war period.[4]

After the large amount of accumulated demand has been satisfied, private enterprise will meet its second big test—the task of providing a sufficient number of improved and more attractive products to keep 55 million men at work. Here the fact that the non-agricultural part of American business consists of over three million enterprises will prove important. From three million centers of innovation will come many millions of ideas for new products and methods, for improvement in old products and methods, and for improvements in many forms of services. Of the greatest importance also will be the expansion of industrial research. In fact, technological research is now conducted on a scale so much larger than after the last war, or after any previous wars, that it must be regarded as an important new instrument of post-war adjustment—an instrument that was scarcely available in the history of war.

Other wars have contributed in important ways to technological progress, but this war will do so far more than any previous one. Air transportation, rapidly growing and improving before the war, is receiving an enormous impetus from the war. Fast stratosphere planes using superchargers will annihilate distance and will change business and vacation habits. The indirect effects upon investment opportunities are likely to be profound. The war will produce at least a five-fold increase in the aluminum capacity of the country and

[4] Proposals for paying dismissal wages or unemployment compensation to workers dropped from defense plants should take account of the probability that in the vast majority of cases the period of unemployment will be short.

Even though the coördination and timing of the various steps necessary to prevent a post-war boom may not be perfect, with the result that a moderate boom occurs with the inevitable collapse, this collapse need not be prolonged. Furthermore, if post-war inventory speculation is prevented, it need not be severe. The collapse of 1921, though severe, was short. The country came out of World War I with the best reserve against unemployment that it has ever had, because millions of persons had purchased large amounts of Liberty Bonds. Of course, the depression of 1921 would have been much less severe if the 13 per cent rise in wholesale prices between 1919 and 1920 had been prevented.

possibly more. Aluminum will be available at roughly 13 cents a pound—or its equivalent in terms of the post-war price level. Consider the obsolescence that can be created with 13-cent aluminum. Every automobile will be obsolete. A large part of railroad equipment will be obsolete.[5] Important changes in the design of trucks will be made. The competition of aluminum will force the redesign of much equipment which is not now made of aluminum.

Housing Opportunity

The biggest opportunity for private enterprise to increase the volume of employment is in the development of attractive and cheap housing. The end of the war will see a substantial accumulation of the demand for housing—at any rate, in case the war lasts through 1943. This demand will be reinforced (1) by the deficiency in housing construction which lasted throughout nearly all of the Thirties, and (2) by the shifts of population which will be produced by the war.

More important than the backlog of demand created by recent events is the potential market which can be created by obsolescence. Of the twenty-five million houses in the United States, about one-quarter were built before 1900, and another quarter are over twenty-five years old. Houses can be produced today for $3,500 or $4,000 which make one-third or more of present houses seem drab, dreary, and inconvenient. Many additional improvements are possible. Furthermore, a house can be sold for $3,500 or $4,000 on annual payments and carrying charges which are no more than those on an automobile costing $700. If modern technology can solve the problem of cheap and attractive housing, the problem of employment will be pretty largely solved in America for at least a generation.

The thesis of these remarks has been that the prospect of private enterprise depends upon the kind of economic future which it succeeds in offering America. Arguments about the relative merits of different types of economic organization will not count. The

[5] It would probably be advisable for the railroads to obtain immediate permission from the Interstate Commerce Commission to write off passenger equipment faster than they are now doing. Obviously, part of the money which they now call "net earnings" consists of unadmitted obsolescence.

Field Warehousing is also *Breaking Jams*

IN THIS PERIOD OF NATIONAL EMERGENCY

Douglas-Guardian Service is able to break the WAREHOUSE JAM that exists in many cities, where public warehouse facilities cannot take care of the demand for storage. A practical way to meet the emergency is to utilize empty plants and buildings for storage under Douglas-Guardian Service. Commodities thus *Field Warehoused* are safeguarded by bonded and legal protection and serve as gilt-edged collateral.

CREDIT JAMS are also broken through Field Warehousing by Douglas-Guardian. Stored inventory, often carried as a dead load, is readily and quickly converted into high grade collateral for bank loans. If you can use more working capital to good advantage, investigate Douglas-Guardian Service. Glad to answer your questions.

Have you our valuable Booklet—New Edition?

FREE: Write today for "Financing the Modern Way." New and more complete information on Field Warehousing. Still pocket size. Use the coupon.

Douglas-Guardian Warehouse Corp

Nation-wide Field Warehousing Service

CHICAGO, ILL.
Suite 1105—100 W. Monroe St.

New Orleans, La., 118 No. Front Street

Atlanta, Ga.
Cleveland, O.
Dallas, Tex.
Easton, Md.
Los Angeles, Cal.
Memphis, Tenn.
New York, N. Y.
Philadelphia, Pa.
Portland, Ore.
Rochester, N. Y.
San Francisco, Cal.
Springfield, Mass.
Springfield, Mo.
Tampa, Fla.

DOUGLAS-GUARDIAN WAREHOUSE CORP.
Suite 1105—100 W. Monroe St., Chicago, Ill.

Please send FREE and without obligation:

( ) New edition of Booklet, "Financing the Modern Way."

Company .....

Address .....

Attn. of .....

When Danger Approaches—

BE PREPARED!

with the

TORNADO

AIR-RAID SIREN

INSTALLED at strategic points—on every floor of plant or office—the TORNADO puts all employes on the alert instantly—and brings them back to work promptly with an all-clear signal.

Easy and economical to install, the TORNADO Siren—with its unmistakable moaning wail—is a permanent installation. It provides air-raid warning now. Used later for signals and alarms.

Operates from any light socket, making it useful day or night. Universal motor for A.C. or D.C. Various voltages available. Vertical or horizontal mounting. Fully guaranteed. *Get facts now—be prepared!*

Remember! The surest way to arrest attention *instantly* is to have at least one TORNADO on every floor of *every* building—as effective air-raid warning.

Write now for complete details—right now!

BREUER ELECTRIC MFG. CO.
5088 NORTH RAVENSWOOD AVE. CHICAGO, ILL.

Vairak par Júsu dollaru!

"ANYTHING containing IRON or STEEL"

Industrial: Mining: Construction: Railway:

• • • • •

Plants Machinery and Equipment
Scrap-Iron Surplus Obsolete Stocks

BUYERS • SELLERS • TRADERS

IRON & STEEL PRODUCTS, INC.

37 years' experience

13446 S. Brainard Ave., Chicago (Hegewisch Sta.), Ill.

NEW! **A TOUGH FLOOR PATCH**

. . . That's Ready for Traffic in 1 Minute

REPAIR rough, broken Factory Floors speedily for instant traffic use. Ready mixed INSTANT-USE Resurfacer makes a quick—good solid job. Simply shovel into hole and tamp. Run traffic over patch immediately. NO WAITING! Binds tight to concrete or wood. Used, too, for complete overlay. Get details of FREE TRIAL OFFER. No obligation. Write

FLEXROCK COMPANY 2363 Manning St. Philadelphia, Pa.

decision will be made by performance. If the performance of private enterprise is good, if, despite obstacles, it provides a high level of employment at good wages and the prospect for still higher wages, if it makes labor feel that it is a part of industry and that it has a good chance to get its ideas on any subject considered, if it offers consumers a wide variety of attractive prices, industry will continue in the main to be based upon the principle of private initiative and enterprise.

This survey points to the conclusion that the outlook for private enterprise is neither dark nor rosy. The depression greatly weakened the confidence of the man in the street in the ability of business to give him prosperity. It provoked legislation, particularly in the form of taxes, which placed heavy burdens upon daring and innovation. Nevertheless, private enterprise must be conceded a good chance, probably a better than even chance, of retaining the responsibility for decisions of policy over most of the area where policies are today privately made. Of course, these decisions in some instances will be made jointly by management and unions by collective bargaining.

Capacity and Obstacles

Certainly, the future of private enterprise cannot be regarded too pessimistically so long as it is increasing its capacity to improve products and methods as rapidly as it has done in the last twenty years, and so long as it possesses far greater capacity to discover improvements in products and processes than any form of the economy which involves centralization rather than dispersion of initiative. At the same time, the obstacles confronting private enterprises are great. It still has much to learn about dealing with organized labor and enlisting the help of union committees in shop operations. It cannot wait for legislative obstacles to daring and enterprise to be removed. It must do a good job of giving employment—a much better job than it did in the Thirties—in the face of tax laws which are almost unbelievably burdensome upon the innovator and the experimenter.

Only after business has won back public confidence by making good in the face of obstacles will it be possible to get much legislative relief. The business man of the Twentieth Century, however, may take comfort in the fact that his predecessors of the Seventeenth and Eighteenth Centuries laid the foundations of modern capitalism in the face of even greater obstacles.

Men Change Too

No one need be surprised if many able executives prove unsuited for the task ahead. A rough analogy may be drawn between the situation of the leaders of business and the situation of the British and French generals early in the war. Planes and tanks changed the rules of war so drastically that some officers who had mastered the old rules could not learn the new ones. Likewise, the rise of labor and the expansion of the public policy have changed the rules of business so drastically that the very mastery of old rules easily becomes a handicap in learning new ones.

New conditions require not only changes in business policies, but also changes, at least in many instances, in the type of top executive—a change to men who are in closer touch with the community and with their employees and who confine their associations less exclusively to other top executives. Consequently, the success of private enterprise in adjusting itself to new conditions and in retaining a wide area for private policymaking will depend upon whether top managers change their ways or whether enterprises change their top managers.

It would be tragic and ironical if the community were to lose the form of economic organization which is best suited for permitting a wide dispersion of initiative and a broad practice of experimentation and innovation at the very time that the resources of research are becoming available to industry in unprecedented amounts. The promise of technological research may slip through our grasp; it may be lost through the excessive centralization of the policymaking in government; it may be lost in the struggle of pressure groups which throttle initiative in order to protect various markets. If the promise of modern technology can be captured, however, no one can doubt that we are on the threshold of great progress and that we shall be able to create a standard of living such as the world has never seen.

1776-1841

(Continued from page 22)

Insurance Company of the State of Pennsylvania, in addition to mortgage loans, did short-term financing on promissory notes in the normal course of operations for many other purposes.

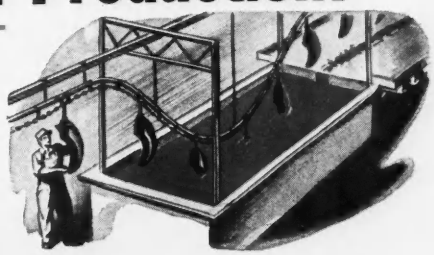
By 1800, 33 charters had been issued by the various States to incorporate insurance companies. Only two branches of the insurance business were of any considerable importance, marine and fire, and most companies handled both types. Marine insurance expanded with commerce, and fire insurance, although much less widespread, became more and more vital as the population increased and crowded into towns and cities. Life insurance was occasionally underwritten by the marine and the fire companies, but only as a casual, incidental, and little understood type of insurance.

In 1781 Robert Morris received a charter from the Continental Congress to organize the Bank of North America. Banking became the fourth type of credit institution in America. The capitalization of $10,000,000, divided into shares with par value of $400 each, was immense for the times. Public subscriptions came in slowly; only by great effort was $70,000 obtained privately.

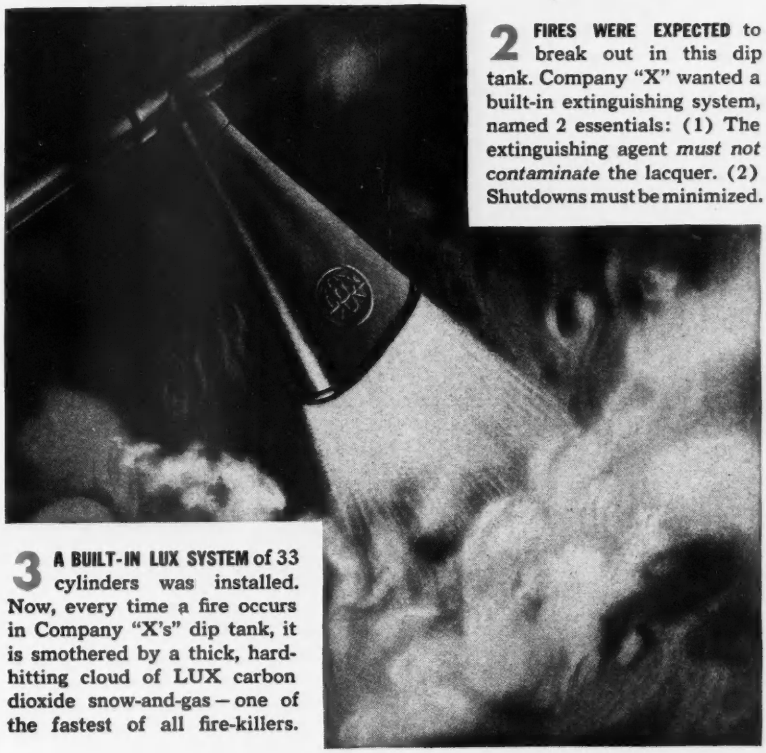
When a frigate arrived in Boston from France in 1781 bearing $470,000 in species as a loan to the struggling colonies, Robert Morris, then Superintendent of Finance, subscribed $254,000 of this sum for stock in the new bank in behalf of the Continental Congress. The Government became the principal stockholder.

The bank promptly loaned the funds paid in by the Government for capital stock. The doors opened for business January 7, 1782, and on April 1, the Treasury of the United States was indebted to the bank for $300,000, and on July 1 for $400,000. Business was picking up! Asked to reduce the obligation Morris sold $200,000 of the stock owned by the Government, mostly to Holland bankers, using the proceeds to reduce the loan. By July 1, 1783, the remaining holdings of the Government had been sold and in six months the debt had been entirely discharged. The bank was financially profitable from the outset. Profits for the first half year netted

They wanted to STOP FIRE ...not Production!



1 AN IMPORTANT PART of Company "X's" production line is their 4,000-gallon dip tank. It contains $6,000 to $8,000 worth of lacquer — which is highly inflammable. Any shutdown of the dip tank stops the entire production line.



2 FIRES WERE EXPECTED to break out in this dip tank. Company "X" wanted a built-in extinguishing system, named 2 essentials: (1) The extinguishing agent *must not contaminate* the lacquer. (2) Shutdowns must be minimized.

3 A BUILT-IN LUX SYSTEM of 33 cylinders was installed. Now, every time a fire occurs in Company "X's" dip tank, it is smothered by a thick, hard-hitting cloud of LUX carbon dioxide snow-and-gas — one of the fastest of all fire-killers.

4 COLD, CLEAN, DRY, LUX gas is completely harmless. Its vapor disappears into thin air, does not spoil the lacquer, causes no mess in the dip tank. Company "X's" production line now continues operation within *10 to 15 minutes* after a fire!

HAVE you flammable liquids or electrical equipment in your plant? Guard these fire hazards with the speedy, flame-killing power of LUX carbon dioxide—the gas that harms nothing but fire!

LUX portable extinguishers range from a two-pound, pistol-type unit to wheeled types containing 100 pounds of carbon dioxide. Built-in types may be manually or automatically operated; may protect a single spot or an entire process room. Write us for full details.

Walter Kidde & Company, Inc.

443 West Street **Bloomfield, N. J.**

HAMMER'S MODERN SUCCESSOR

The HANSCO TACKER

FOR the first time in tack history!—here's a device that holds, dispenses and drives tacks—in one convenient, rapid, automatic operation. It's the Hansen One-Hand Automatic TACK Tacker.

Self-contained—automatic—holding a long strip of T-head Tacks and driving them as fast as you grip—the Hansen Tack-Tacker permits holding material with one hand and driving with other.

For fast, precision driving—on production work of all kinds requiring tacking or fastening—here's the latest, most efficient device imaginable! Drives T-head Tacks in four lengths—3/16", 1/4", 3/8" and 1/2". *Investigate!* ask for FOLDER

A. L. HANSEN MFG. CO. 5019 RAVENSWOOD AVENUE CHICAGO, ILL.

☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆

RESPONSIVE ACTION from PAST DUE ACCOUNTS

In dealing with the past due account, the collection specialists of DUN & BRADSTREET have learned how to appraise the human factor and to present demands in the manner that gets responsive action, usually without loss of goodwill of desirable outlets. Today, more than ever before, prompt collections help you to keep pace with increased expenses and taxes. Our collection methods in most instances will bring in that tardy check.

Write to the nearest office of
MERCANTILE CLAIMS DIVISION
DUN & BRADSTREET, Inc.

☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆

SAVE on LITHOGRAPHED MONEY LETTERHEADS

There must be a reason why alert buyers in 48 states order their lithographed letterheads from us. That reason is VALUE: Write for FREE portfolio of Famous Letterheads and price-list. Compare our prices. No obligation. ATTACH this advertisement to your business letterhead and mail to

UNIVERSAL LITHOGRAPHING CO. (Subsidiary of Peerless Litho Co.) 4307 Diversey Ave., Dept. 74, Chicago, Ill.

4½ per cent, and dividends for 1783 averaged 14 per cent.

By 1786 five men owned 464 of the outstanding 1,000 shares. They were Robert Morris, John Swanwick, William Bingham, Jeremiah Watlsworth, and John Carter.

The next two banks to open were in 1784, the Bank of New York in New York City June 9, and the Massachusetts Bank in Boston July 5.

Ten years after the organization of the Bank of North America, banking was still a strange, a little understood activity in our mercantile world. As the early banks operated profitably, capital was gradually attracted to this new field as it is to any new profitable field.

The fourth bank was the first Bank of the United States, Philadelphia, obtaining its charter from Congress February 25, 1791. On July 4, $10,000,000 of stock was placed on sale of which $2,000,000 was taken by the Government to be paid in ten equal annual installments. The new Federal Government was continuing the early colonial policy of extending credit to assist in the organization of business enterprises.

For 20 years the first Bank of the United States supplied sound paper money for commerce; acted as the fiscal agent of the Government by collecting, transferring, disbursing, and caring for its funds; and provided banking facilities for commercial transactions. Its paper money went into general circulation throughout the country at par.

By a majority of only one in each house, Congress refused to renew the charter when it expired in 1811. At this time 18,000 of the 25,000 outstanding shares of stock were owned in Europe. As foreign stockholders could not vote, the bank was controlled from an operating viewpoint, by the United States stockholders owning 7,000 shares. When the charter expired, Stephen Girard of Philadelphia, wealthiest merchant in the country, and largest single stockholder, purchased the building with its equipment and opened his own private banking house.

At this stage in the development of banking, business men did not think of banks in connection with deposits. A bank meant a place to discount his notes. For his discounted promissory notes or trade acceptances he received actual currency which he took away with him and out into circulation, not a credit to his deposit account to be drawn upon when needed.

Between 1811 and 1816 the number of banks increased from 88 to 246. Between 1812 and 1817 the circulation of all bank notes increased from $45,000,000 to $100,000,000. By 1820 there were 307 State banks with a capital of $102,100,000 by 1829, 329 with a total capital of $110,000,000. In the meantime the second Bank of the United States had been organized and was operating on a capital of $35,000,000. The number of commercial banks now went steadily upward every year and in 1837 there were 788 banks operating on a capital of $290,800,000, with aggregate loans of $525,100,000 and total note circulation of $149,200,000.

Mutual Savings Banks

The first mutual savings bank in America was the Philadelphia Saving Fund Society, the fifth type of credit institution in the United States. It began business December 2, 1816. The second was the Provident Institution for Savings, Boston, which obtained its charter from the General Court of Massachusetts only eleven days later. The Boston institution was the first savings bank to be incorporated.

A public notice issued February 19, 1817, by the Philadelphia Saving Fund Society said that the "object of the institution is to aid and assist the poorer and middling classes of society in putting their money out to advantage." Leaders of both institutions frankly characterized savings banks as "benevolent institutions" or "charity." In fact, the expenses of organizing these early institutions were freely borne by men interested in the movement.

The charter obtained by the Philadelphia institution provided that deposits in excess of $500 could not be accepted from any one individual in any one year, and furthermore that aggregate deposits of the society be limited to $300,000.

With no guide, the problem of investing the deposits was a basic one. After much discussion investments were limited to "Government Securities or other Substantial Public Stocks." Apparently "other Substantial Public Stocks" was to include all securities considered worthy by the investment committee. To widen the scope of investments, however, this was later

changed to "any public stock or substantial security on real estate."

By 1820 there were only ten savings banks with aggregate deposits of $1,138,576, or $131.86 per depositor. In the following ten years the number increased to 31 with total deposits of $6,973,304 or $183.09. By 1840 there were 61 mutual savings banks with deposits of $14,051,520 or $178.54 per depositor. Only 15 of these were outside New England.

Shortly after the rise of mutual savings banks came the sixth and last type credit institution to play a part in our early economy—the building and loan association. The Oxford Provident Building Association was the first in the United States, organized at Frankford, Pa., in 1831. Two industrial pioneers in Frankford, Samuel Pilling and Jeremiah Horrocks, both natives of England, realized the beneficial results to be achieved by encouraging working men to save systematically and to acquire a home.

Shares with a par value of $500 were sold to each member. Members agreed to make an initial or membership payment of $5, and then pay $3 a month on each share. Money received as dues were offered as loans to the highest bidder among the stockholders who were entitled to borrow $500 for each share held. At a predetermined date all shares were paid in full. Shares in this first association matured January 11, 1841, and the final meeting of the members was held June 10, 1841.

The evolution of these as well as other institutions to modern times is the story of ever necessary adjustment to economic needs.

DUN'S REVIEW

290 BROADWAY NEW YORK, N. Y.

SUBSCRIPTION: $4 a year; $10 for three years; 35 cents a copy. Outside the United States, $5 a year.

Willard L. Thorp, *Editor;* Norman C. Firth, *Managing Editor and Business Manager.*

Walter Mitchell, Jr., A. M. Sullivan, David H. Lawlor, Dwight L. Wardell, V. V. Anderson, *Associate Editors;* Clarence Switzer, *Art Director;* J. A. D'Andrea, *Statistician;* R. L. Leger, D. S. Davis, V. F. Hochette, M. Patterson, *Business Condition Analysts.*

H. C. Daych, *Advertising Manager;* Russell B. Smith, *Western Advertising Manager,* 300 West Adams Street, Chicago, Randolph 8340; *Advertising Representatives:* Boston—Lawrence Mitchell, 80 Boylston Street, Hancock 5066; San Francisco—R. J. Birch & Co., 155 Sansome Street, Douglas 43933; Los Angeles—R. J. Birch & Co., 607 South Hill Street, Van Dyke 7386.

WHAT *ONE* FINANCE COMPANY IS DOING FOR WAR-TIME INDUSTRY

Industry must organize promptly all available facilities—manpower, plant, machinery, material and money—to win the war.

For thirty years we have been extending financial assistance to American Industries and are now especially desirous of assisting those established mills, manufacturers and wholesalers engaged in or seeking to engage in war-time production. We have Invested Capital of $66,000,000, Resources of $450,000,000, and during 1941 financed over $1,000,000,000 of receivables for our customers.

If your present financial arrangements are inadequate or unsatisfactory, possibly we can help you. We have no "ready made" financing plan to submit, but we should like to consider your problem with you and then try to adjust a plan to meet your requirements. We eliminate much of the red-tape and time-lag usually involved in financing and we do not interfere with the management of your business.

Our financing facilities are available to supply established concerns with sufficient cash or credit to permit their acceptance of Government contracts and to speed up production under such existing contracts. We supply working capital at reasonable rates upon current open accounts and inventories and for the purchase of machinery. We will also finance the enlargement of plant and equipment facilities under "Certificates of Necessity" issued by the Government.

We will purchase your current open accounts, including those for war material, *without notification* to your customers—and *limit* your risk of credit loss thereon—and permit credits and collections to be handled by you as usual. Our "Factoring" subsidiaries will finance such receivables *with notification* to your customers and relieve you of *all* credit, collection and accounting expense and all risk of credit loss.

CONDENSED CONSOLIDATED BALANCE SHEET
COMMERCIAL CREDIT COMPANY AND ITS SUBSIDIARIES
As of December 31, 1941

ASSETS:		LIABILITIES, CAPITAL AND SURPLUS:	
Cash	$ 50,174,282.91	Unsecured Short Term Notes	$276,837,500.00
Accounts and Notes Receivable	394,026,912.92	Accounts Payable, accruals and taxes	16,065,955.81
Repossessions in Company's possession, at depreciated values	355,172.87	Notes Payable, unsecured, Due 1943-1949	46,500,000.00
Investments in Securities	5,056,592.65	Due customers when receivables are collected and dealers participating loss reserves	14,340,275.01
Deferred Charges	1,808,048.46	Reserves for losses and contingencies	9,972,476.90
Furniture and Fixtures	7.00	Deferred Income and Charges—unearned	20,970,299.66
	$451,421,016.81	Capital Stock and Surplus:	
		Minority Interests 55,215.78	
		Preferred Stock, 4¼% $100 par value 12,193,800.00	
		Common Stock, $10 par value 18,414,730.00	
		Capital Surplus 17,672,463.42	
		Earned Surplus 18,398,300.23	66,734,509.43
			$451,421,016.81

Note: This Balance Sheet is condensed from the Annual Report to Stockholders, December 31, 1941, to which you are referred for analysis of items condensed herein. Copy furnished if requested.

COMMERCIAL CREDIT COMPANY
BALTIMORE

NEW YORK CHICAGO BOSTON SAN FRANCISCO LOS ANGELES PORTLAND, OREGON

GENDREAU

Combinations in Support of Trade

In the early morning, eighteen milk trucks stopped in one city block to make milk deliveries—thereby using unnecessary gasoline, rubber, and manpower. Thurman Arnold says that, in such a case a delivery pool is permissible, providing its members do not use their collective power to increase prices or to freeze out other distributors.

Many present problems can be solved by some such collective action and apparently the government promises to be sympathetic to such efforts. The danger is within business itself—that legal co-operation turn into illegal conspiracy. Unfortunately, a few cases of combinations which raise prices, restrict production, or keep the market entirely to themselves, will do more damage to the public relations of business than a hundred instances of constructive co-operation. It is up to all business men to help keep the record clean.

Willard L. Thorp.

EDITOR